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June 26, 2009

Board of Directors
Black Township Fire and Rescue, Inc.
5775 Industrial Road
Mount Vernon, IN 47620

We have reviewed the audit report prepared by Krueger & Associates, CPA's, LLC, Independent Public Accountants, for the period January 1, 2005 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Black Township Fire and Rescue, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

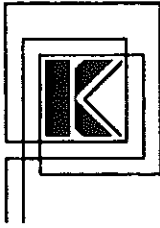
BLACK TOWNSHIP FIRE AND RESCUE, INC.
Mt. Vernon, Indiana

FINANCIAL STATEMENTS
For the Years Ended December 31,
2007, 2006 and 2005

BLACK TOWNSHIP FIRE AND RESCUE, INC.
Mt. Vernon, Indiana

TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1
EXHIBIT A - STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS	2
EXHIBIT B - STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS	3
EXHIBIT C - STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS	4
NOTES TO FINANCIAL STATEMENTS	5-7



Krueger & Associates, CPA's, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Black Township Fire and Rescue, Inc.

We have audited the accompanying statements of assets, liabilities, and net assets-modified cash basis of Black Township Fire and Rescue, Inc. (a nonprofit organization) as of December 31, 2007, 2006, and 2005 and the related statements of support, revenue, and expenses and changes in net assets-modified cash basis and cash flows-modified cash basis, for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Black Township Fire and Rescue, Inc. as of December 31, 2007, 2006, and 2005 and its support, revenue, and expenses and cash flows for the years then ended, on the basis of accounting described in Note 1.

Krueger & Associates, CPA's, LLC
Krueger & Associates, CPA's, LLC

Jasper, Indiana

December 30, 2008

BLACK TOWNSHIP FIRE AND RESCUE, INC.
Mt. Vernon, Indiana

EXHIBIT B

STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS

For the Years Ended December 31, 2007, 2006, and 2005

	2007	2006	2005
SUPPORT AND REVENUE			
Support:			
Contributions	\$ 3,277	\$ 1,591	\$ 3,537
Revenue:			
Governmental contracts	172,786	167,343	167,115
Run charges	3,217	6,617	17,833
Interest	3,931	2,915	2,371
Gain on sale of assets	-	115,984	2,760
Other	1,281	899	10,922
	181,215	293,758	201,001
TOTAL SUPPORT AND REVENUE	184,492	295,349	204,538
 EXPENSES			
Firefighting and emergency medical supplies	21,946	18,192	19,681
Firehouse maintenance	7,460	28,733	5,929
Fuel and oil	11,562	11,584	7,497
Fire truck and equipment maintenance	30,139	38,847	29,816
Dues and subscriptions	1,020	702	1,587
Training	3,579	6,139	4,394
Insurance	20,878	31,238	27,087
Interest	12,461	11,779	11,994
Utilities and telephone	19,045	22,662	22,947
Office supplies	2,862	3,074	4,013
Payroll	-	-	2,400
Professional fees	6,900	7,391	9,557
Small equipment purchases	2,905	3,936	4,816
Depreciation	53,668	42,230	33,725
Meals	4,386	1,767	3,401
Awards and trophies	4,499	5,150	5,783
Miscellaneous	4,675	13,907	11,406
TOTAL EXPENSES	207,985	247,331	206,033
INCREASE (DECREASE) IN NET ASSETS	(23,493)	48,018	(1,495)
Net assets - Unrestricted - Beginning of year	85,672	37,654	39,149
Net assets - Unrestricted - End of year	\$ 62,179	\$ 85,672	\$ 37,654

See accompanying notes and accountant's report.

BLACK TOWNSHIP FIRE AND RESCUE, INC.
Mt. Vernon, Indiana

EXHIBIT C

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

For the Years Ended December 31, 2007, 2006, and 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Increase (decrease) in net assets	\$ (23,493)	\$ 48,018	\$ (1,495)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	53,668	42,230	33,725
(Gain) on sale of assets	-	(115,984)	(2,760)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>30,175</u>	<u>(25,736)</u>	<u>29,470</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash payments for the purchase of equipment	(10,640)	(133,035)	(15,543)
Proceeds from sale of assets	-	116,000	9,000
NET CASH (USED) IN INVESTING ACTIVITIES	<u>(10,640)</u>	<u>(17,035)</u>	<u>(6,543)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New long-term borrowings	-	48,000	-
Principal payments on long-term debt	(31,068)	(22,734)	(27,400)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(31,068)</u>	<u>25,266</u>	<u>(27,400)</u>
INCREASE (DECREASE) IN CASH	(11,533)	(17,505)	(4,473)
CASH, BEGINNING OF YEAR	<u>127,057</u>	<u>144,562</u>	<u>149,035</u>
CASH, END OF YEAR	<u>\$ 115,524</u>	<u>\$ 127,057</u>	<u>\$ 144,562</u>
SUPPLEMENTAL DISCLOSURES:			
Interest paid	<u>\$ 12,461</u>	<u>\$ 11,779</u>	<u>\$ 11,994</u>

See accompanying notes and accountant's report.

BLACK TOWNSHIP FIRE AND RESCUE, INC.
Mt. Vernon, Indiana

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Accounting Method

The Department presents its financial statements on the modified cash basis of accounting. Accordingly, revenues and support are recognized when received, and expenses are recognized when an expenditure is made, except for capitalizing and depreciating purchased property and equipment and recording the related long-term debt.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Financial Statement Presentation

As disclosed above, the Department does not present its financial statements under US generally accepted accounting principles. Nevertheless, the Department, as of January 1, 1995, has adopted some of the basic concepts of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Department is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restrictions. The Department has no temporarily restricted or permanently restricted net assets.

The Department has also adopted some of the basic concepts of SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. Restricted net assets are released to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Income Taxes

The Department is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not required to pay income taxes until the non-profit status is terminated. The Department also utilizes the cash basis for tax return purposes.

BLACK TOWNSHIP FIRE AND RESCUE, INC.
Mt. Vernon, Indiana

Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Cash and Cash Equivalents

The Department considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred and major renewals and betterments are capitalized. Depreciation is provided on the straight-line method over the following lives:

Buildings	7 - 39 Years
Autos and trucks	5 - 10 Years
Equipment	5 - 10 Years

When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of revenue, expenses and changes in net assets.

The Department leases its fire station building and firefighting vehicles from Black Township for one dollar per year. The lease agreements are renewed each year with no ownership transferred, or options to buy.

Economic Dependence

For the years ended December 31, 2007, 2006, and 2005, 94%, 57%, and 82% of the Department's income was derived from contract revenue with Black and Lynn Townships, respectively.

NOTE 2 - LONG-TERM DEBT:

Long-term debt consists of the following:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
6.20% note payable to The Huntington National Bank, payable in annual installments of \$31,879, maturing December 1, 2012	\$ 141,064	\$ 163,803	\$ 185,203

BLACK TOWNSHIP FIRE AND RESCUE, INC.
Mt. Vernon, Indiana

Notes to Financial Statements (Continued)

NOTE 2 - LONG-TERM DEBT (CONTINUED):

	<u>2007</u>	<u>2006</u>	<u>2005</u>
7.74% note payable to Integra Bank, payable in monthly installments of \$971, maturing November 5, 2011	38,337	46,666	-
Note payable to GE	<u>56,000</u>	<u>56,000</u>	<u>56,000</u>
	235,401	266,469	241,203
Less: Current portion of long-term debt	<u>33,615</u>	<u>31,430</u>	<u>20,398</u>
Total long-term debt	<u>\$ 201,786</u>	<u>\$ 235,039</u>	<u>\$ 220,805</u>

Maturities of long-term debt for the next five years and subsequently are as follows:

2008	\$ 33,615
2009	35,958
2010	38,465
2011	38,951
2012	32,412
Thereafter	<u>56,000</u>
	<u>\$ 235,401</u>