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July 8, 2009

Board of Directors  
Sugar Creek Fire Department, Inc.  
P.O. Box 23  
St. Mary of the Woods, IN 47876

We have reviewed the audit report prepared by Sackrider & Company, Inc., Independent Public Accountants, for the period January 1, 2007 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 Sugar Creek Fire Department, 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

**SUGAR CREEK FIRE DEPARTMENT, INC.**

**Financial Statements and  
Report of Independent  
Certified Public Accountants**

**December 31, 2007**



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**Sackrider & Company**  
incorporated

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Sugar Creek Fire Department, Inc.  
West Terre Haute, Indiana

We have audited the accompanying statements of financial position of the Sugar Creek Fire Department, Inc. as of December 31, 2007 and 2006, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Department'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sugar Creek Fire Department, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Sackrider & Company, Inc.*

Terre Haute, Indiana  
January 29, 2009

**SUGAR CREEK FIRE DEPARTMENT, INC.**

**Statements of Financial Position**

**December 31,**

<b>ASSETS</b>	<u>2007</u>	<u>2006</u>
<b>Current assets</b>		
Cash	\$ 78,574	\$ 54,625
Accounts receivable	126,400	124,140
Total current assets	<u>204,974</u>	<u>178,765</u>
<b>Property and equipment</b>		
Building	85,227	70,436
Equipment	609,085	686,837
	<u>694,312</u>	<u>757,273</u>
Less accumulated depreciation	371,022	481,964
	<u>323,290</u>	<u>275,309</u>
	<u>\$ 528,264</u>	<u>\$ 454,074</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 55,053	\$ 4,759
Payroll taxes	1,783	1,366
Total current liabilities	<u>56,836</u>	<u>6,125</u>
<b>Net assets, unrestricted</b>	<u>471,428</u>	<u>447,949</u>
	<u>\$ 528,264</u>	<u>\$ 454,074</u>

The accompanying notes are an integral part of these statements.

**SUGAR CREEK FIRE DEPARTMENT, INC.**

**Statements of Activities and Changes in Net Assets**

**Years ended December 31,**

	<u>2007</u>	<u>2006</u>
<b>Support and Revenue</b>		
Contributions	\$ 11,130	\$ 15,200
Service contract revenue	252,800	248,280
Grant income	2,540	-
Gain on sale of equipment	2,500	-
Interest income	593	527
Miscellaneous income	17,171	13,038
Total support and revenue	<u>286,734</u>	<u>277,045</u>
<b>Program Expenses</b>		
Fire and emergency medical services	<u>263,255</u>	<u>300,856</u>
Increase (Decrease) in unrestricted net assets	23,479	(23,811)
<b>Net assets at beginning of year</b>	<u>447,949</u>	<u>471,760</u>
<b>Net assets at end of year</b>	<u>\$ 471,428</u>	<u>\$ 447,949</u>

The accompanying notes are an integral part of these statements.

**SUGAR CREEK FIRE DEPARTMENT, INC.**

**Statements of Cash Flows**

**Years ended December 31,**

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities:</b>		
Increase (Decrease) in net assets	\$ 23,479	\$ (23,811)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	66,424	76,376
Gain on sale of assets	(2,500)	-
Change in assets and liabilities:		
Accounts receivable	(2,260)	2,115
Accounts payable	50,294	(13,054)
Payroll taxes	417	(53)
Net cash from operating activities	<u>135,854</u>	<u>41,573</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of assets	2,500	-
Expenditures for property and equipment	(114,405)	(29,967)
Net cash from investing activities	<u>(111,905)</u>	<u>(29,967)</u>
<b>NET INCREASE IN CASH</b>	23,949	11,606
<b>Cash at beginning of period</b>	<u>54,625</u>	<u>43,019</u>
<b>Cash at end of period</b>	<u>\$ 78,574</u>	<u>\$ 54,625</u>

**DISCLOSURE OF ACCOUNTING POLICY:**

Cash, as used in the statement of cash flows, is the amount reported as cash in the statement, of financial position which includes a checking account.

The accompanying notes are an integral part of these statements.

**SUGAR CREEK FIRE DEPARTMENT, INC.**

**Statements of Functional Expenses**

**Years ended December 31,**

	<u>2007</u>	<u>2006</u>
<b>Fire and Emergency Medical Services:</b>		
Salaries	\$ 74,992	\$ 72,340
Payroll taxes	5,737	5,534
Building maintenance	6,077	8,296
Clothing and vehicle	11,633	21,992
Communications	3,309	4,704
Fire prevention and emergency medical service equipment	12,790	18,732
Fuel	14,476	12,064
Information systems	2,171	2,256
Outside services	16,089	13,254
Public relations	100	540
Safety	891	5,195
Supplies	16,584	14,037
Training and education	6,577	8,536
Utilities	13,652	17,073
Vehicle maintenance	11,693	19,927
Bank charges	<u>60</u>	<u>-</u>
<b>Total functional expenses before depreciation</b>	196,831	224,480
Depreciation expense	<u>66,424</u>	<u>76,376</u>
<b>Total functional expenses</b>	<u>\$ 263,255</u>	<u>\$ 300,856</u>

The accompanying notes are an integral part of these statements.

# SUGAR CREEK FIRE DEPARTMENT, INC.

## Notes to Financial Statements

December 31, 2007 and 2006

### NOTE 1 - NATURE OF ACTIVITIES

Sugar Creek Fire Department, Inc. provides fire protection and emergency medical services to persons who reside in Sugar Creek Township in Vigo County, Indiana.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Sugar Creek Fire Department, Inc.'s significant accounting policies applied in preparation of the accompanying financial statements follows:

#### Basis of Accounting

The financial statements of the Sugar Creek Fire Department, Inc. have been prepared on the accrual basis of accounting.

#### Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Allowance for Doubtful Accounts

The allowance for doubtful accounts is zero at December 31, 2007 and 2006. The Department uses the direct write-off method for recognizing bad debts, which would not be materially different from the allowance method that is called for by generally accepted accounting principles.

#### Property and Equipment

Property and equipment are recorded at cost. However, the Organization acquired a building in December 1996 for \$1.00. The fair market value at date of acquisition was estimated at \$38,500. Accounting Principles Board Opinion No. 29, *Accounting for Non-monetary Transactions*, states that non-monetary assets received in a non-reciprocal transfer should be recorded at the fair value of the assets received. These financial statements reflect the building at its fair market value of \$38,500. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Depreciation is computed on a straight-line basis over the estimated useful life of the assets.

#### Functional Allocation of Expenses

Expenses by function have been allocated entirely to the Organization's fire and emergency medical services program.

#### Support and Revenue

Support and revenue received are measured at their fair values and are reported as an increase in net assets. Support and revenue are reported as restricted support if they are received with

**SUGAR CREEK FIRE DEPARTMENT, INC.**

**Notes to Financial Statements**

**December 31, 2007 and 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

stipulations that limit the use of the assets, or if they are designated as support for future periods. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Restricted support whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributed Services

The Organization is a voluntary organization, and as such, services are contributed, be it in connection with service on the board of directors or in providing fire protection and emergency medical services. It is not practical to measure the extent of the services provided for the period under audit, to recognize the services as revenue, or to value services not recognized as revenue.

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

The Sugar Creek Fire Department, Inc. is subject to a concentration of credit risk primarily from its dependence on tax levy revenue from Vigo County and Sugar Creek Fire Protection District.

**NOTE 4 - INCOME TAXES**

The Sugar Creek Fire Department, Inc. is a wholly-exempt not-for-profit organization in accordance with the Internal Revenue Code Section 501(c)(3). Therefore, no provision for federal or state income taxes has been reflected in the financial statements.

**NOTE 5 - FUNDING**

Funding of the Organization for the year was primarily provided by property tax levies. Amounts provided from the Vigo County Treasurer, passed through to Sugar Creek Fire Protection District for the years ended December 31, 2007 and 2006 was \$258,800 and \$248,280, respectively.