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January 27, 2010

Board of Directors
Bright Volunteer Fire Company, Inc.
23759 Brightwood Drive
Bright, IN 47025

We have reviewed the audit report prepared by Collins Heeb Miller & Co., Inc., Independent Public Accountants, for the period March 1, 2008 to February 28, 2009. 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 Bright Volunteer Fire Company, Inc., as of February 28, 2009, 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

BRIGHT VOLUNTEER FIRE COMPANY, INC.

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEARS ENDED FEBRUARY 28, 2009 AND 2008

COLLINS HEEB MILLER & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

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COLLINS HEEB MILLER & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

4903 VINE STREET
CINCINNATI, OH 45217-1252

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Bright Volunteer Fire Company, Inc.
Bright, Indiana

We have audited the accompanying Statements of Financial Position of Bright Volunteer Fire Company, Inc. (an Indiana not-for-profit organization) as of February 28, 2009 and 2008, the related Statements of Activities and Cash Flows for the years then ended. These financial statements are the responsibility of the Fire Company'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 audit 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, the Fire Company prepares its financial statements on the modified cash basis; accordingly, accounts receivable are not recorded as income until collected and certain expenses are recorded when paid rather than when the obligation is incurred, except that the statements include a provision for depreciation of buildings, improvements and equipment and amortization of loan fees. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bright Volunteer Fire Company, Inc. at February 28, 2009 and 2008, and its activities and cash flows for the years then ended on the basis of accounting described in Note 1 in conformity with accounting principles generally accepted in the United States of America.

Collins Heeb Miller & Co.

June 1, 2009

BRIGHT VOLUNTEER FIRE COMPANY, INC.

STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS

February 28, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Current assets:		
Cash - Merchants Bank and Trust:		
Checking	\$ 140,781	\$ 195,496
Savings accounts (Note 2)	11,564	75,171
Accounts receivable	-	-
Total current assets	<u>152,345</u>	<u>270,667</u>
Investments and other assets:		
Available-for-sale securities and cash at fair market value:		
Lincoln Financial Advisors (Note 4)	358,469	567,571
Deferred loan closing fees - net	<u>2,526</u>	<u>2,648</u>
	360,995	570,219
Property and equipment (Note 3)	<u>1,514,524</u>	<u>1,436,945</u>
Total assets	<u>\$2,027,864</u> =====	<u>\$2,277,831</u> =====
 <u>LIABILITIES AND NET ASSETS</u> 		
Current liabilities:		
Accrued and withheld payroll taxes	\$ 1,757	\$ 1,472
Long-term debt due within one year (Note 5)	<u>52,334</u>	<u>24,005</u>
Total current liabilities	54,091	25,477
Long-term debt due after one year (Note 5)	<u>989,555</u>	<u>921,012</u>
Total liabilities	1,043,646	946,489
Net assets:		
Unrestricted - General Fund	<u>984,218</u>	<u>1,331,342</u>
Total liabilities and net assets	<u>\$2,027,864</u> =====	<u>\$2,277,831</u> =====

See accompanying notes.

BRIGHT VOLUNTEER FIRE COMPANY, INC.

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS

Years ended February 28, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Changes in unrestricted net assets:		
Revenue:		
Festival and fundraising	\$ 50,000	\$ 47,200
Township contracts	182,036	195,406
EMS contract	64,000	-
EMS run fees	181,566	122,227
Fire Department run fees	320	5
Donations	3,123	6,949
Grant income	-	73,409
Revenue sharing - riverboat	30,699	34,100
Gain on sale of equipment	19,000	6,218
Interest	333	914
Investment income (loss) - Lincoln Financial	(39,006)	28,577
Unrealized gains (losses) in Lincoln Financial investments	(170,096)	(28,369)
Donated land and structure	-	<u>135,000</u>
Total unrestricted revenue	321,975	621,636
Expenses:		
Operating expenses	461,347	346,186
Interest expense	60,500	52,333
Depreciation:		
Firehouses	21,730	21,730
Fire trucks and EMS vehicles	68,025	65,522
Fire fighting equipment and manuals	53,865	51,342
Furniture and fixtures	<u>3,632</u>	<u>1,068</u>
	147,252	139,662
Total expenses	669,099	538,181
Increase (decrease) in unrestricted net assets	(347,124)	83,455
Net assets, beginning of year	<u>1,331,342</u>	<u>1,247,887</u>
Net assets, end of year	\$ 984,218 =====	\$1,331,342 =====

See accompanying notes.

BRIGHT VOLUNTEER FIRE COMPANY, INC.

STATEMENTS OF CASH FLOWS

Years ended February 28, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Net increase (decrease) in unrestricted net assets	\$ (347,124)	\$ 83,455
Depreciation and amortization	147,374	139,784
Investment (income) loss	39,006	(28,577)
Unrealized (gains) losses in investments	170,096	28,369
Gain on sale of equipment	(19,000)	(6,218)
Market value donated land	-	(135,000)
(Increase) decrease in accounts receivable	-	5,847
Increase (decrease) in accrued liabilities	<u>285</u>	<u>897</u>
Net cash provided by (used in) operating activities	(9,363)	88,557
Cash flows from investing activities:		
Capital expenditures for property and equipment	(79,881)	(20,638)
Proceeds from sale of equipment	<u>19,000</u>	<u>15,000</u>
Net cash provided by (used in) investing activities	(60,881)	(5,638)
Cash flows from financing activities:		
Reduction of long-term debt	<u>(48,078)</u>	<u>(22,705)</u>
Net cash provided by (used in) financing activities	(48,078)	(22,705)
Net increase (decrease) in cash	(118,322)	60,214
Cash at beginning of year	<u>270,667</u>	<u>210,453</u>
Cash at end of year	\$ 152,345 =====	\$270,667 =====
Supplemental disclosures:		
Cash paid for interest during the year	\$ 60,500	\$ 52,333
Land and structures donated	-	135,000
Purchase fire truck with bank financing	144,950	-

See accompanying notes.

BRIGHT VOLUNTEER FIRE COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

February 28, 2009

1. Summary of significant accounting policies

Organization and basis of accounting - Bright Volunteer Fire Company, Inc. was incorporated on June 3, 1948 in the State of Indiana as a not-for-profit organization to provide fire protection for the city and surrounding area of Bright, Indiana, located in Dearborn County, Indiana. The Fire Company receives revenue from three townships from the collection of taxes assessed on personal property values within their districts. The Fire Company contracts with Miller, West Harrison and Logan townships to provide fire protection services for their areas. The Fire Company provides emergency medical services in these townships.

The Fire Company maintains its books, records and accounts on the modified cash basis and prepares its tax returns on the modified cash basis. Under this basis the accounts receivable and revenue are recorded as income when collected rather than when earned; accounts payable and expenses are generally recorded when paid rather than when incurred. The accompanying financial statements are prepared on the modified cash basis and therefore present the Fire Company's assets and liabilities resulting from cash transactions and its revenue received and expenses paid and its changes in cash, except that the statements include a provision for depreciation of buildings, improvements and equipment and amortization of loan closing fees.

Income earned but not collected and expenses incurred but not paid are not included in the financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Estimates in financial statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fund accounting - To ensure observance of limitations and restrictions placed on the use of resources available to the Fire Company, the accounts of the Fire Company are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by fund groups.

The assets, liabilities and net assets of the Fire Company are reported in one self balancing fund group as follows:

Unrestricted general operating funds which represent the portion of expendable funds that are available for support of the Fire Company's activities.

Revenue recognition - All revenue received from township contracts, festival, and other sources are considered available for unrestricted use unless specifically restricted by the board of trustees.

BRIGHT VOLUNTEER FIRE COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

February 28, 2009

1. Summary of significant accounting policies (continued)

Investments - The Fire Company has recorded investments in marketable securities with readily determinable fair values at their fair market values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and realized gains are reported as increases in unrestricted net assets in the period the income and gains are recognized.

Cash and cash equivalents - The Fire Company considers cash and cash equivalents to include cash on hand, cash in banks, certificates of deposit and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of credit risk - Financial instruments that potentially subject the Fire Company to concentrations of credit risk consist principally of temporary cash investments. The Fire Company places its temporary cash investments with one financial institution and limits the amount of credit exposure to one financial institution. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Fire Company has a checking account and two savings accounts at one local bank. There were no uninsured cash balances at February 28, 2009. The available-for-sale securities held at Lincoln Financial Advisors consist of ten mutual funds and a cash account as of February 28, 2009.

Deferred loan closing - The loan closing fees consist of mortgage loan expense incurred in financing the purchase of two pumpers and the construction of the third fire station in 2002. Loan closing fee amortization expense was \$122 in 2009 and 2008.

Donated services - Donated services are normally reflected as revenue in the financial statements at their estimated value with a corresponding charge to expense. No amounts are reflected for donated services unless an objective basis is available to measure the value of such services.

No amounts have been reflected in the accompanying financial statements for donated services because no objective basis is available to measure the value of such services; however, a substantial number of individuals have donated significant amounts of their time to the Fire Company's fire fighting and fire prevention activities.

Property and equipment - The Fire Company capitalizes the cost of all expenditures for building improvements, furniture and fire equipment in excess of \$1,000. Repairs and maintenance are expensed currently. Donations of property and equipment are recorded as unrestricted contributions at their estimated fair value. The cost of buildings, fire trucks, ambulances, equipment, and furniture and fixtures are depreciated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Firehouse buildings	35 years
Fire trucks	5 - 20 years
Fire fighting equipment	7 - 10 years
Furniture and fixtures	10 years
Training manuals	5 years
Ambulances and EMS automobile	7 - 10 years

BRIGHT VOLUNTEER FIRE COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

February 28, 2009

1. Summary of significant accounting policies (continued)

Income taxes - The Fire Company is exempt from federal and state income taxes, and accordingly, no provision for income taxes has been made in the financial statements on the income from the Fire Company's activities.

2. Savings accounts

Savings accounts consist of the following:

	<u>2009</u>	<u>2008</u>
Merchants Bank & Trust Co.:		
Money market savings - #8804011	\$ 7,883	\$31,646
Savings account - #8819167	<u>3,681</u>	<u>43,525</u>
	\$11,564	\$75,171
	=====	=====

3. Property and equipment

The following is a summary of property, vehicles, and equipment at insured value or estimated cost and the accumulated depreciation thereon.

	<u>2009</u>	<u>2008</u>
Land:		
Fire Station #1, at cost	\$ 15,000	\$ 15,000
Fire Station #1 - vacant land with structure, at market value	135,000	135,000
Fire Station #2, at market value	4,000	4,000
Fire Station #3, at market value	37,200	37,200
Building:		
Firehouse #1	222,882	222,882
Fire Station #2	103,379	103,379
Fire Station #3	430,282	430,282
Fire trucks and equipment	951,445	806,495
Fire fighting equipment	423,576	369,154
Furniture and fixtures	36,317	10,858
Training manuals	17,142	17,142
Ambulances and EMS automobile	<u>246,627</u>	<u>272,627</u>
	2,622,850	2,424,019
Less accumulated depreciation	<u>1,108,326</u>	<u>987,074</u>
Property and equipment - net	\$1,514,524	\$1,436,945
	=====	=====

BRIGHT VOLUNTEER FIRE COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

February 28, 2009

4. Available-for-sale securities

Security transactions are accounted for on the date that the securities are purchased or sold. Dividend income and interest income is recorded on the date received. Donated securities are recorded at market value on the date they were received as a gift.

Marketable securities have been valued at the last reported sales price on the New York or American Stock Exchanges on February 28, 2009 and 2008.

	<u>Cost</u>	<u>Market value</u>	
		<u>2009</u>	<u>2008</u>
Lincoln Financial Advisors mutual funds and cash	\$542,432	\$358,469	\$567,571
	=====	=====	=====

5. Long-term debt

The long-term debt consists of the following:

	<u>Due within one year</u>	<u>2009</u>	<u>2008</u>
5.45% mortgage note payable due to Merchants Bank and Trust, due in monthly payments of \$6,253, including interest, secured by Fire Station #3, final payment due April, 2030.	\$24,720	\$ 923,127	\$945,017
4.99% commercial loan payable due to Merchants Bank and Trust, due in yearly payments of \$33,540, including interest, secured by 2008 Peterbilt Tanker, final payment due July, 2013.	<u>27,614</u>	<u>118,762</u>	<u>-</u>
	\$52,334	1,041,889	945,017
	=====		
Less debt due within one year		<u>52,334</u>	<u>24,005</u>
		\$ 989,555	\$921,012
		=====	=====

The aggregate required principal payments at February 28, 2009 are as follows:

2010	\$ 52,334
2011	54,350
2012	57,500
2013	62,430
2014	68,860
Later years	<u>746,415</u>
	\$1,041,889
	=====

BRIGHT VOLUNTEER FIRE COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

February 28, 2009

6. Employee benefits

The Fire Company has a medical health benefit plan for its full time paid EMT staff. The Fire Company's contribution was \$10,931 in 2009 and \$16,790 in 2008.

7. Donated land

On April 2, 2007, 2.92 acres of land with a shelter and playground at 23579 Brightwood Drive behind Fire Station #1, were donated to the Fire Company by the Dearborn County Park Board. The land and structures were appraised at approximately \$135,000.

8. Responsibilities for financial statements

The financial statements of Bright Volunteer Fire Company, Inc. were prepared in accordance with the comprehensive basis of accounting principles for organizations on the modified cash basis. The integrity and consistency of these financial statements, and of other data presented in this report, are the responsibility of the Fire Company's Board of Trustees and properly include some amounts that are based upon estimates and judgments.

The Fire Company's trustees are further responsible for maintaining a system of internal controls, including internal accounting control, that provides an appropriate division of responsibility and is designed to assure that the books and records reflect the transactions of the Fire Company and that its established policies and procedures are carefully followed. The system is constantly reviewed for its effectiveness and is augmented by written policies and guidelines, and the careful selection and training of qualified personnel.



COLLINS HEEB MILLER & CO., INC.
CERTIFIED PUBLIC ACCOUNTANTS

4903 VINE STREET
CINCINNATI, OH 45217-1252

INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

The Board of Trustees
Bright Volunteer Fire Company, Inc.
Bright, Indiana

Our report on our audits of the basic financial statements of Bright Volunteer Fire Company, Inc. (an Indiana not-for-profit organization) for the years ended February 28, 2009 and 2008 appears on page 1. These audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information appearing on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying schedules of Operating Expenses and County and Township Financial Assistance are presented for purposes of additional analysis as required by Audits of States, Local Governments, and Non-Profit Organizations, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Collins Heeb Miller & Co.

June 1, 2009

BRIGHT VOLUNTEER FIRE COMPANY, INC.

OPERATING EXPENSES

Years ended February 28, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Firehouse expenses:		
Building repairs, maintenance and cleaning	\$ 6,321	\$ 10,344
Telephone	5,089	4,937
Electricity, water and natural gas	16,852	15,843
Trash removal	1,237	710
Administrative and other	4,440	2,153
Fire department expenses:		
Auxiliary	-	-
Cadets	-	1,165
Protective clothing	1,284	715
Repairs and maintenance	12,426	6,794
Training	10,406	4,294
EMS expenses:		
Agency billing fees	16,031	7,900
Refunds	-	417
Pay-per runs	134,643	81,186
Medical supplies	13,288	5,186
Medical consultant	7,800	1,800
Training	1,699	547
Vehicle expenses:		
Repairs and maintenance	22,399	16,747
Gasoline	20,973	16,507
Other expenses:		
Communications	21,357	20,465
Operating supplies, maps and uniforms	1,640	4,711
Dues, books and subscriptions	3,788	2,503
Payroll - EMT's	60,099	59,238
Payroll taxes	12,201	5,390
Medical	10,931	16,790
Office equipment repairs and maintenance	986	568
Accounting and auditing fees	6,000	5,400
General and liability insurance	37,721	36,781
Postage	766	613
Cell phones and internet	554	528
Personal clothing allowance	10,400	10,400
Loan fees amortization	122	122
Recruiting and personnel incentives	3,723	5,432
Fire District expenses	16,171	-
	<u>\$461,347</u>	<u>\$346,186</u>
	=====	=====

BRIGHT VOLUNTEER FIRE COMPANY, INC.

SCHEDULE OF COUNTY AND TOWNSHIP FINANCIAL ASSISTANCE

Years ended February 28, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Dearborn County - EMS	\$ 64,000	\$ -
West Harrison Township	37,950	38,206
Logan Township	60,086	57,200
Miller Township	<u>84,000</u>	<u>100,000</u>
	\$246,036	\$195,406
	=====	=====