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February 2, 2010

Board of Directors
Rising Sun Volunteer
Fire Department, Inc.
121 S. High St.
Rising Sun, IN 47040

We have reviewed the audit report prepared by Collins Heeb Miller & Co., Inc., Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. 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 Rising Sun Volunteer Fire Department, Inc., as of December 31, 2008, 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

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

**FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEARS ENDED DECEMBER 31, 2008 AND 2007

**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 Directors
Rising Sun Volunteer Fire Department, Inc.
Rising Sun, Indiana

We have audited the accompanying statements of financial position of the Rising Sun Volunteer Fire Department, Inc. (an Indiana not-for-profit organization) as of December 31, 2008 and 2007, the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fire Department's directors. 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 the 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 Department prepares its financial statements on the modified cash basis; accordingly, contracts 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 improvements and equipment. 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 Rising Sun Volunteer Fire Department, Inc. at December 31, 2008 and 2007 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 9, 2009

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF FINANCIAL POSITION - MODIFIED CASH BASIS

December 31, 2008 and 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Cash - Friendship State Bank:		
Checking account:		
Fire department - 0.75%	\$ 4,936	\$ 15,238
Savings - 2.02%	<u>231,433</u>	<u>137,808</u>
Total cash	236,369	153,046
Property and equipment:		
Fire station improvements	55,452	59,236
Fire trucks	1,342,841	1,342,841
Fire fighting equipment	178,445	153,873
Exercise equipment	25,805	22,021
Furniture and fixtures	<u>20,886</u>	<u>18,190</u>
	1,623,429	1,596,161
Less accumulated depreciation	<u>542,696</u>	<u>452,927</u>
Property and equipment - net	1,080,733	1,143,234
Investments:		
Endowment fund - Ohio County Community Foundation	<u>33,195</u>	<u>46,283</u>
Total assets	<u>\$1,350,297</u>	<u>\$1,342,563</u>
	=====	=====
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable:		
Trade	\$ -	\$ -
Aerial Firetruck	30,000	93,636
Net assets:		
Unrestricted - general	<u>1,320,297</u>	<u>1,248,927</u>
Total liabilities and net assets	<u>\$1,350,297</u>	<u>\$1,342,563</u>
	=====	=====

See accompanying notes.

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF ACTIVITIES - MODIFIED CASH BASIS

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Changes in unrestricted assets:		
Support and revenue:		
Township contracts	\$ 14,300	\$ 23,800
Revenue sharing - riverboats	161,778	134,026
City of Rising Sun - clothing allowance	8,900	7,250
Interest income	5,280	6,072
Refunds	495	376
Public support and donations	3,935	2,126
Fish Fry income - net	7,345	1,566
Chicken Fry income - net	2,679	-
Letter drive income	13,998	7,829
City of Rising Sun - reimbursements	3,195	-
Grants:		
Ohio County Community Foundation	30,000	30,000
Kinman Tool Co.	4,000	4,000
Rising Sun Regional Foundation	-	100,000
City of Rising Sun	-	150,000
Investment income (loss)	<u>(14,523)</u>	<u>4,806</u>
Total unrestricted revenue	241,382	471,851
Expenses:		
Operating expenses	80,243	41,279
Interest expense	-	-
Depreciation	<u>89,769</u>	<u>87,223</u>
Total expenses	170,012	128,502
Increase in unrestricted net assets	71,370	343,349
Net assets, beginning of year	<u>1,248,927</u>	<u>905,578</u>
Net assets, end of year	\$1,320,297 =====	\$1,248,927 =====

See accompanying notes.

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 71,370	\$343,349
Depreciation	<u>89,769</u>	<u>87,223</u>
Net cash provided (used in) operating activities	161,139	430,572
Cash flows from investing activities:		
Purchase of equipment and trucks	(24,572)	(491,964)
Purchase of furniture and software	(2,696)	-
Fire station improvements	-	(22,012)
(Decrease) increase in endowment fund	<u>13,088</u>	<u>(5,917)</u>
Net cash provided (used in) investing activities	(14,180)	(519,893)
Cash flows from financing activities:		
Proceeds from loan	-	-
Payments on truck loan	<u>(63,636)</u>	<u>-</u>
Net cash (used in) provided By financing activities	(63,636)	-
Net increase (decrease) in cash	83,323	(89,321)
Cash at beginning of year	<u>153,046</u>	<u>242,367</u>
Cash at end of year	\$236,369 =====	\$153,046 =====

See accompanying notes.

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. Summary of significant accounting policies

Organization and basis of accounting - Rising Sun Volunteer Fire Department, Inc. was incorporated on July 7, 1898 in the State of Indiana as a not-for-profit organization to provide fire protection for the city and surrounding area of Rising Sun, Indiana, located in Ohio County, Indiana. The Fire Department receives revenue from three townships in Ohio County and the City of Rising Sun, from the collection of taxes assessed on personal property values within their districts. The Fire Department contracts with the townships to provide fire protection services for their area. The Fire Department is exempt from federal and state income taxes.

The Fire Department 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 Department'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.

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 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 Department, the accounts of the Fire Department 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 fund balances of the Fire Department 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 Department's activities.

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. Summary of significant accounting policies (continued)

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

Investment income - Investment income is recorded when earned and is considered available for unrestricted purposes unless specifically restricted.

Cash and cash equivalents - The Fire Department 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 Department to concentrations of credit risk consist principally of temporary cash investments. The Fire Department places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Fire Department has two accounts at one local bank. There were no uninsured cash balances at December 31, 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.

A substantial number of individuals have donated significant amounts of their time to the Fire Department's fire fighting and fire prevention activities.

Property and equipment - The Fire Department capitalizes the cost of all expenditures for building improvements, furniture and fire equipment in excess of \$100. 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, 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:

Fire station improvements	33 years
Fire trucks	20 years
Fire fighting equipment	5 - 10 years
Furniture, fixtures and computers	5 - 10 years

The Fire Department has the use of a truck that was purchased by the City of Rising Sun. The City maintains the title to the truck and the Fire Department has no ownership interest. Therefore, no amounts related to this truck have been included in the financial statements.

Income taxes - The Fire Department 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 Department's activities.

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

2. Lease commitment

The Fire Department occupies all its facilities under an agreement with the Rising Sun Ohio County Emergency Services (an Indiana not-for-profit organization) which owns the facility and pays the utilities, insurance and property taxes for the facility. The facility also houses the Rising Sun EMT department and the Rising Sun 911 department.

3. Endowment fund

The Fire Department has established an endowment investment fund through the Ohio County Community Foundation. The account is maintained by the Foundation with an unrestricted balance.

A summary of the endowment investment fund is as follows:

	<u>2008</u>	<u>2007</u>
Beginning fair market value	\$46,283	\$40,366
Contributions	3,445	1,000
Interest and dividends reinvested	1,876	1,753
Fees charged	(2,011)	(629)
Investment gains	<u>(16,398)</u>	<u>3,793</u>
Ending fair market value	\$33,195	\$46,283
	=====	=====

4. Commitments

The Fire Department has signed agreements with three townships and the City of Rising Sun to provide fire protection for each township area for the year 2008 as follows:

Cass Township	\$ 600
Union Township	1,500
Randolph Township - City of Rising Sun	<u>25,000</u>
	\$27,100
	=====

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

5. Responsibilities for financial statements

The financial statements of Rising Sun Volunteer Fire Department, 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 Department's board of directors and properly include some amounts that are based upon estimates and judgments.

The Fire Department's directors 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 Department 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 Directors
Rising Sun Volunteer Fire Department, Inc.
Rising Sun, Indiana

Our report on our audits of the basic financial statements of Rising Sun Volunteer Fire Department, Inc. (an Indiana not-for-profit organization) for the years ended December 31, 2008 and 2007 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 10-11 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.

Collins Heeb Miller + Co.

June 9, 2009

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

OPERATING EXPENSES

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Insurance and bonding	\$ -	\$ 2,326
Telephone	2,375	3,030
Office supplies and postage	3,158	2,568
Auditing and accounting	3,975	4,000
Dues and subscriptions	547	474
Training and education	775	754
Operating supplies and equipment	4,129	3,411
Equipment repairs and maintenance	879	556
Truck repairs and maintenance	12,206	4,272
Building repairs and maintenance	10,400	4,657
Clothing	9,861	1,437
Uniform allowance	8,900	8,350
Meetings	89	-
Promotion, gifts and memorials	3,380	3,480
Letter drive expenses	7,729	1,622
Business gifts	2,561	336
Indiana taxes	-	6
Utilities	1,486	-
Fish and chicken fry	7,793	-
	<u>\$80,243</u>	<u>\$41,279</u>
	=====	=====

RISING SUN VOLUNTEER FIRE DEPARTMENT, INC.

SCHEDULE OF TOWNSHIP FINANCIAL ASSISTANCE

Years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
City of Rising Sun	\$25,000	\$22,000
Cass Township	600	600
Union Township	<u>1,500</u>	<u>1,200</u>
	\$27,100	\$23,800
	=====	=====