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January 13, 2011

Board of Directors  
Monroe Township Volunteer  
Fire Department, Inc.  
P.O. Box 88  
Henryville, IN 47126

We have reviewed the audit report prepared by J. Rorrer & Co., PC, 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 Monroe Township 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.

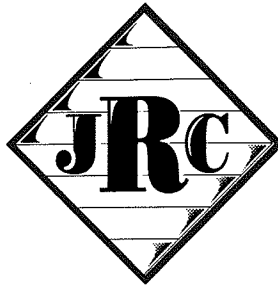
STATE BOARD OF ACCOUNTS

Monroe Township Volunteer Fire Department, Inc.  
Audited Financial Statement  
For the Year Ended  
December 31, 2008

**Monroe Township Volunteer Fire Department, Inc.**

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**J RORRER & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

Monroe Township  
Volunteer Fire Department  
Henryville, IN 47126

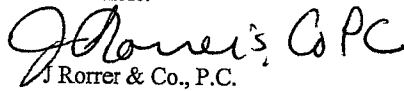
We have audited the accompanying statement of assets, liabilities, and net assets-modified cash basis of Monroe Township Volunteer Fire Department (a nonprofit organization) as of December 31, 2008, and the related statement of revenue and expenses and changes in net assets-modified cash basis and statement of cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financials statements referred to above present fairly, in all material respects, the financial position of Monroe Township Volunteer Fire Department as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2009, on our consideration of Monroe Township Volunteer Fire Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Monroe Township Volunteer Fire Department taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and is 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.

  
J Rorrer & Co., P.C.  
Certified Public Accountants  
Sellersburg, IN  
September 25, 2009

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**Monroe Township Volunteer Fire Department, Inc.**  
**Statement of Assets Liabilities and Net Assets**  
**Modified Cash Basis**  
**December 31, 2008**

**ASSETS**

<b>Current Assets:</b>	
Cash and cash equivalents	\$179,079
<b>Total Current Assets</b>	179,079
 <b>Property and Equipment:</b>	
Land	29,275
Buildings	705,986
Vehicles	429,589
Fire fighting equipment	487,414
Office furniture and equipment	33,162
Alarm system	26,733
Less accumulated depreciation	(762,074)
<b>Total Property and Equipment</b>	950,085
<b>Total Assets</b>	\$1,129,164

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>	
Current portion long-term debt	22,035
<b>Total Current Liabilities</b>	22,035
 <b>Long-Term Liabilities</b>	
Long term debt	349,941
Less current portion	(22,035)
<b>Total Long-Term Liabilities:</b>	327,906
<b>Total Liabilities</b>	349,941
 <b>Net Assets:</b>	
Temporarily restricted	116,821
Unrestricted	662,402
<b>Total Net Assets</b>	779,223
<b>Total Liabilities and Net Assets</b>	\$1,129,164

See accompanying notes and auditor's report.

**Monroe Township Volunteer Fire Department, Inc.**  
**Statement of Revenue and Expenses and Changes in Net Assets**  
**Modified Cash Basis**  
**For the Year Ending December 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
<b>Revenue:</b>			
Contract income	\$172,090	\$0	\$172,090
Miscellaneous income	2,201	0	2,201
Insurance claims	9,805	0	9,805
Homeland Security grant	0	681,601	681,601
Net assets released from restrictions	129,129	(129,129)	0
Crusade for Children	24,257	0	24,257
Interest income	1,168	0	1,168
<b>Total Revenue</b>	<u>338,650</u>	<u>552,472</u>	<u>891,122</u>
<b>Expenses:</b>			
Accounting	6,621	0	6,621
Advertising	3,180	0	3,180
Bank charges	15	0	15
Building maintenance	7,123	0	7,123
Clothing allowance	18,630	0	18,630
Communication radio	5,347	0	5,347
Contract labor	9,600	0	9,600
Contribution Crusade for Children	23,916	0	23,916
Depreciation	61,765	0	61,765
Dues and subscriptions	1,487	0	1,487
Fuel	12,598	0	12,598
Expense for Homeland Security grant	0	435,651	435,651
Interest on loans	21,952	0	21,952
Liability insurance	23,956	0	23,956
Miscellaneous expense	528	0	528
Office expense	859	0	859
Professional fees	5,979	0	5,979
Personal turnout gear	7,626	0	7,626
Meals	4,233	0	4,233
Small equipment and repairs	2,608	0	2,608
Supplies	5,770	0	5,770
Telephone	3,464	0	3,464
Training	4,151	0	4,151
Truck expense	23,393	0	23,393
Uniforms	2,139	0	2,139
Utilities	14,870	0	14,870
<b>Total Expenses</b>	<u>271,810</u>	<u>435,651</u>	<u>707,461</u>
<b>Other Income and (Expense):</b>			
Rental income	5,800	0	5,800
Rental expense	(973)	0	(973)
<b>Total Other Income and Expenses</b>	<u>4,827</u>	<u>0</u>	<u>4,827</u>
<b>Changes in Net Assets</b>	<u>71,667</u>	<u>116,821</u>	<u>188,488</u>
<b>Net Assets, beginning of year</b>	590,735	0	590,735
<b>Net Assets, end of year</b>	<u>\$662,402</u>	<u>\$116,821</u>	<u>\$779,223</u>

**Monroe Township Volunteer Fire Department, Inc**  
**Statement of Cash Flows**  
**Modified Cash Basis**  
**December 31, 2008**

	<b>2008</b>
<b>Operating activities:</b>	
Changes in net assets	\$188,488
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	61,765
<b>Net cash provided by operating activities</b>	<b>250,253</b>
<b>Investing activities:</b>	
Purchase of equipment	(138,074)
<b>Net cash used in investing activities</b>	<b>(138,074)</b>
<b>Financing activities:</b>	
Proceeds from debt	0
Debt reduction	(18,260)
<b>Net cash used in financing activities</b>	<b>(18,260)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	93,919
<b>Beginning cash and cash equivalents</b>	85,160
<b>Ending cash and cash equivalents</b>	<b>\$179,079</b>
<b>Supplemental disclosure:</b>	
Interest paid	\$21,952
Taxes paid	\$0

See accompanying notes and auditor's report.

Monroe Township Volunteer Fire Department, Inc.  
Notes to the Financial Statements  
December 31, 2008

Note 1- Nature of Activities and Significant Accounting Policies:

Nature of Activities:

Monroe Township Volunteer Fire Department, Inc. (a non for Profit Corporation) operates trained volunteers to fight fires, maintain fire fighting equipment, and otherwise provide fire protection and fire prevention services for Monroe Township.

Basis of Presentation:

The Organization maintains its accounts on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, support and revenue are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Consequently, accounts receivable from supporting agencies, accounts payable to vendors and suppliers, accrued income and expenses are not included in these financial statements.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For financial statement purpose, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalent.

Revenue:

The Organization has an annual contract with the Monroe Township Fire Protection District of Clark County, Indiana. They receive funds twice a year from the District when collected by the District. In the event the tax revenues of the District are less than anticipated, than the Organization shall be paid an amount less than the contract amount.

Contributions:

Contributions received are recorded on cash basis, they are recorded when received and no allowance for doubtful accounts is used. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted.

Income Taxes:

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Note 2-Cash:

Unrestricted Cash consists of four accounts. One main operating account is used for receipts and disbursements. Separate accounts are used for rental property, short term savings, and fund raising activities. The balance of unrestricted cash as of December 31, 2008 is \$62,932.

Monroe Township Volunteer Fire Department, Inc.  
 Notes to the Financial Statements  
 December 31, 2008

Note 3-Property Plant and Equipment:

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Note 4-Long Term Notes Payable:

Long-term notes payable at December 31, 2008 consisted of the following:

Note payable to New Washington State Bank with monthly payments of \$1,733 bearing interest at 6% and collateral of real estate.	\$146,314
Note payable to New Washington State Bank With monthly payments of \$1,721 bearing interest at 5.5% and collateral of real estate located 805 Henryville Blue Lick Rd	<u>203,626</u>
Total	\$349,940
Less current portion	<u>22,035</u>
	<u>\$327,905</u>

Maturities of long term debt are as follows:

Year ending	<u>Amount</u>
December	
2009	22,035
2010	23,344
2011	24,730
2012	26,198
2013	27,753
Thereafter	<u>225,880</u>
	<u>\$349,940</u>

Note 5-Federal Financial Assistance:

The Organization has been awarded a grant from the FEMA and the Department of Homeland Security. The approved project cost total is \$1,069,324. The federal share is 90 percent and the grant recipients share is 10 percent. Monroe Township Volunteer Fire Department is a regional host for this grant. The period of performance is August 29, 2008 to August 28, 2009. The grant requires an OMB Circular-A-133 single audit; see the schedule of expenditures and notes for detail.

Monroe Township also received another grant from FEMA and the Department of Homeland Security. The approved project cost is \$99,370. The federal share is 95 percent and Organization's share is 5 percent. The period of performance is January 8, 2009 to January 7, 2010.

Monroe Township Volunteer Fire Department, Inc.  
Notes to the Financial Statements  
December 31, 2008

Note 6-Leases:

The Organization subleases two vehicles #2024 engine and #2022 engine from the Monroe Township Fire Protection District of Clark County, Indiana for the sum of \$1 per year plus the Organization must provide maintenance and insurance for the vehicle. The lease is for the term of one year.

Note 7 - Donated Services:

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of task that assists the Organization. The Organization could not operate if they did not have volunteers.

Note 8 - Fair Value of Financial Instruments:

The carrying amount of the following financial instruments approximate fair value because of the short maturity of the instruments: cash equivalents.

The fair value of the Organization's long-term debt is estimated at \$349,940 based on the future cash flows associated with each note discounted using the Organization's current borrowing rate for similar debt.

Note 9 - Concentration of Credit Risk and Economic Dependence:

The Organization maintains its cash at a financial institution located in Charlestown, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the Organization's cash balance may be in excess of federally insured limits.

The Organization has only one customer Monroe Township Fire Protection District of Clark County, Indiana. However, their services will always be needed by the public.

**Monroe Township Volunteer Fire Department, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Modified Cash Basis**  
**For the Year Ending December 31, 2008**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security:			
Direct programs:			
Assistance to Firefighters Grant Program-Operations and Safety Program	97.044		<u>\$564,780</u>
Total Direct Programs			<u>564,780</u>
Total expenditures of federal awards			<u><u>\$564,780</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**Monroe Township Volunteer Fire Department, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ending December 31, 2008**

Note 1- Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Monroe Township Volunteer Fire Department, Inc. and is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements on OMB A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2- Grant Information

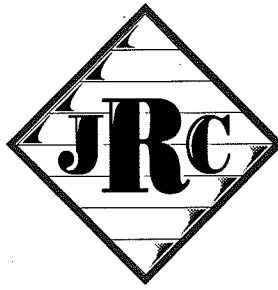
The Grant is Assistance to Firefighters Grant Program-Operations and Safety Program and the agreement number is EMW-2008-FR-00495 and the control number W437663N. The U.S. Fire Administration, carries out the Federal responsibilities of administrating the grant. The Issuing office and address is Grants Management, Operations Directorate, 245 Murray Lane-Building 410, SW, Washington DC, 20528-7000, POC: Webb Stevens. The Grant was to purchase 228 800 MHZ portable radios, including programming, spare battery, lapel microphone, vehicle charger and desk charger. The approved project cost total is \$1,069,324. The Federal share is 90 percent and the Grantee share is 10 percent. The period of performance is August 29, 2008 to August 29, 2009. Monroe Township is acting as a regional host for six different departments, Borden-Wood Township, Monroe Township, Sellersburg, Utica Township, Charlestown, and New Washington. See the schedule below for disbursements as of December 31, 2008.

Department	Grant Expenditures	Grantee Share	Total Invoice
Borden - Wood Township	\$66,244	\$7,360	\$73,604
Monroe Township	129,129	17,722	146,851
Sellersburg	369,407	55,826	425,233
Totals as of December 31, 2008	<u>\$564,780</u>	<u>\$80,908</u>	<u>\$645,688</u>
Sellersburg	675	75	750
Utica Township	116,146	5,120	121,266
Charlestown	159,804	17,710	177,514
New Washington	120,987	26,907	147,894
Totals as of August 30, 2009	<u>\$962,392</u>	<u>\$130,720</u>	<u>\$1,093,112</u>

The Grantee share that exceeded the 10 percent was paid by each individual department.

Note 3- Receipts

	<u>Receipts</u>	<u>Expenditures</u>
Amount per schedule of expenditures of federal awards as of December 31, 2008	\$681,601	\$564,780
Add amounts for the eight months ended August 31, 2009	280,791	397,612
Totals	<u>\$962,392</u>	<u>\$962,392</u>



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Monroe Township  
Volunteer Fire Department  
Henryville, IN 47126

We have audited the financial statements of Monroe Township Volunteer Fire Department as of and for the year ended December 31, 2008, and have issued our report thereon dated September 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Monroe Township Volunteer Fire Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monroe Township Volunteer Fire Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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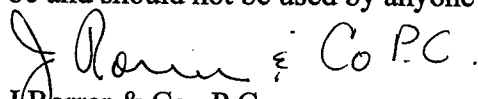
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Monroe Township Volunteer Fire Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of Monroe Township Volunteer Fire Department in a separate letter dated September 25, 2009.

This report is intended solely for the information and use of management, Officers of Monroe Township Volunteer Fire Department and Fire District and State Board of Accounts and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone than these specified parties.

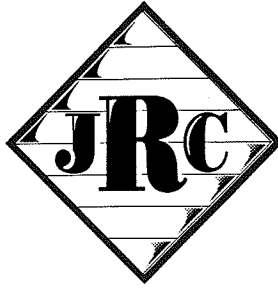
  
J Rorrer & Co., P.C.

Certified Public Accountants  
Sellersburg, IN  
September 25, 2009

**Monroe Township Volunteer Fire Department, Inc.**  
**Schedule of Findings and Questioned Cost**  
**For the Year Ending December 31, 2008**

Summary of Auditor's results

1. The auditor's report expresses an unqualified opinion on the financial statements of Monroe Township Volunteer Fire Department, Inc..
2. The auditor's report on compliance for the major federal award programs for Monroe Township Volunteer Fire Department, Inc. expresses an unqualified opinion on all major federal programs.
3. No instances of noncompliance material to the financial statements of Monroe Township Volunteer Fire Department, Inc which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No instances of significant deficiency, or material weakness are reported in the federal award program.
5. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. The program is a major program: Assistance to Firefighters Grant Program-Operations and Safety program.
7. The threshold used for distinguishing between Type A and B Programs was \$300,000.
8. Monroe Township Volunteer Fire Department, Inc. does not qualify as a low- risk auditee.



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**J RORRER & CO., P.C. • CERTIFIED PUBLIC ACCOUNTANTS**

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Monroe Township  
Volunteer Fire Department  
Henryville, IN 47126

We have audited the compliance of Monroe Township Volunteer Fire Department with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each major federal programs for the year ended December 31, 2008. Monroe Township Volunteer Fire Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Monroe Township Volunteer Fire Department's management. Our responsibility is to express an opinion on the Monroe Township Volunteer Fire Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Monroe Township Volunteer Fire Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Monroe Township Volunteer Fire Department's compliance with those requirements.

In our opinion, Monroe Township Volunteer Fire Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

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## Internal Control Over Compliance

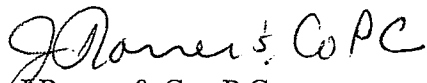
The management of Monroe Township Volunteer Fire Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Monroe Township Volunteer Fire Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Monroe Township Volunteer Fire Department's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a deferral program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Officers of Monroe Township Volunteer Fire Department and Fire District and State Board of Accounts and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone than these specified parties.

  
J Rorrer & Co., P.C.

Certified Public Accountants

Sellersburg, IN

September 25, 2009