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STATE BOARD OF ACCOUNTS  
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October 17, 2011

Board of Directors  
McCulloch Volunteer  
Firefighters Association, Inc.  
404 Hale Rd.  
Clarksville, IN 47129

We have reviewed the audit report prepared by McCauley, Nicolas & Company, LLC, 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 McCulloch Volunteer Firefighters Association, 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

**McCULLOCH VOLUNTEER FIREFIGHTERS  
ASSOCIATION, INC.  
Clark County, Indiana  
REPORT ON AUDITS OF  
FINANCIAL STATEMENT  
for the years ended  
December 31, 2008 and 2007**

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**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

**SCHEDULE OF ASSOCIATION OFFICIALS**

OFFICE EXAMINED: 404 Hale Road, Clarksville, Indiana  
Clark County, Indiana

Period Examined: For the period ended December 31, 2008

Current Officer: James Perry Title: Chairman of Board  
Home Address: 601 Andalusia Avenue  
Clarksville, Indiana 47129

Current Officer: Thomas E. Sellmer Title: President, C.E.O.  
Home Address: 2438 Lapping Ct.  
Clarksville, Indiana 47129

Current Officer: Charles R. Goldman Title: Vice President  
Home Address: 3211 Plaza Dr. Apt. 30  
New Albany, Indiana 47150

Current Officer: Keith A. Sellmer Title: Treasurer  
Home Address: 1715 Tennyson Drive  
Clarksville, IN 47129

Current Officer: Jeffery Everett Title: Secretary  
Home Address: 2805 Bishop Road  
Jeffersonville, IN 47130

Current Officer: Earl Gentry Title: Director  
Home Address: 626 North Whitcomb Avenue  
Clarksville, Indiana 47129

Current Officer: David Tenney Title: Director  
Home Address: 2002 Schuler Drive  
Jeffersonville, Indiana 47130

## INDEPENDENT AUDITORS' REPORT

The Officials of the McCulloch Volunteer  
Firefighters Association, Inc.  
Clarksville, Indiana

We have audited the financial statements of the McCulloch Volunteer Firefighters Association, Inc. (the Association) as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Association'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 Association's policy is to prepare its financial statements on the cash receipts and disbursements 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 cash receipts and disbursements of the McCulloch Volunteer Firefighters Association, Inc., for the years ended December 31, 2008 and 2007, on the basis of accounting described in Note 1.

*McCauley, Nicolas & Company, LLC*

McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
September 30, 2009

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

**COMBINED STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CASH BALANCES**

as of and for the years ended December 31, 2008 and 2007

<u>Fund</u>	2008			
	<u>January 1, 2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>December 31, 2008</u>
Cash - Operating Fund	\$ 164,605	\$ 154,396	\$ 146,828	\$ 172,173
Cash - Food Fund - Station HQ	1,618	1,006	1,749	875
Cash - Food Fund - Station #3	957	1,131	1,541	547
Cash - Payroll Fund	<u>3,502</u>	<u>135,990</u>	<u>138,589</u>	<u>903</u>
Totals	<u>\$ 170,682</u>	<u>\$ 292,523</u>	<u>\$ 288,707</u>	<u>\$ 174,498</u>
<u>Fund</u>	2007			
	<u>January 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>December 31, 2007</u>
Cash - Operating Fund	\$ 124,754	\$ 176,762	\$ 136,911	\$ 164,605
Cash - Food Fund - Station HQ	1,411	1,307	1,100	1,618
Cash - Food Fund - Station #3	1,056	1,464	1,563	957
Cash - Payroll Fund	<u>4,099</u>	<u>135,819</u>	<u>136,416</u>	<u>3,502</u>
Totals	<u>\$ 131,320</u>	<u>\$ 315,352</u>	<u>\$ 275,990</u>	<u>\$ 170,682</u>

\* See Note 2 for detail of account balances.

See notes to financial statements.

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

**COMBINED STATEMENTS OF RECEIPTS AND DISBURSEMENTS**

for the years ended December 31, 2008 and 2007

<b><u>CASH RECEIPTS</u></b>	<u>2008</u>	<u>2007</u>
Fire Protection contract - Jeffersonville Township	\$ 225,990	\$ 263,319
Fire Protection contract - Town of Clarksville	45,624	43,870
Insurance reimbursements	14,406	-
Interest income	3,722	3,123
Other income	644	2,269
Concession machine income	2,137	2,771
Total Cash Receipts	<u>292,523</u>	<u>315,352</u>
<b><u>CASH DISBURSEMENTS</u></b>		
Apparatus	10,495	30,019
Insurance	34,509	28,387
Utilities	9,828	9,805
Supplies	7,547	8,379
Car allowance	4,630	3,754
Radios and monitors	6,493	3,790
Building repairs and supplies	15,056	7,504
Fuel	8,948	6,231
Professional fees	9,336	2,673
Training	2,509	1,981
Employee benefits	32,247	31,259
Miscellaneous	5,647	3,511
Food and entertainment	3,290	2,663
Salaries	128,353	126,367
Payroll taxes	9,819	9,667
Total Cash Disbursements	<u>288,707</u>	<u>275,990</u>
Change in cash	3,816	39,362
Cash, beginning of year	<u>170,682</u>	<u>131,320</u>
Cash, end of year	<u>\$ 174,498</u>	<u>\$ 170,682</u>

See notes to financial statements.

# McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of McCulloch Volunteer Firefighters Association, Inc. (the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

The more significant accounting policies of the Association are as follows:

#### Nature of Operations

The Association was organized as a nonprofit corporation under the laws of the State of Indiana in 1961. The Association was formed for community service. In carrying out this basic purpose, the Association has established facilities, equipment, and trained personnel to protect and save the lives and property of all Clarksville and Jeffersonville Township residents from the ravages of fire and the destruction normally associated with it.

The Association also responds with trained personnel to protect and save the lives and property of residents from any other disasters which might occur in the community.

#### Basis of Accounting

The financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements and non-cash transactions are not recognized.

#### Donated Services

Donated services have not been valued and are not reflected in this report. This practice has been followed inasmuch as no objective basis is felt to be available to measure such values. However, a number of people, including the volunteer firefighters, have contributed substantial amounts of time to the operations of the Association.

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 2—CASH FUNDS**

The Association maintains an operating fund which generally includes one checking account and one money market account. However, at the end of 2007, the Association was in the process of switching accounts to a different financial institution. As a result, at December 31, 2007, there were two checking accounts and two money market accounts. The checking accounts are used to account for all operating cash disbursements. The money market accounts are interest-bearing accounts. The Association also invested in certificate of deposits. In addition to the operating fund, the Association maintained the McCulloch Volunteer Firefighters Food Fund (generally two separate accounts) and the McCulloch Volunteer Firefighters Payroll Fund (one account).

A breakdown of the Cash Funds at December 31, 2008 and 2007 is as follows:

	<u>Operating Fund</u>	<u>2008</u>	<u>2007</u>
Checking (1)		\$ -	\$ 4,628
Checking (3)		5,895	435
Money market (1)		-	35,672
Money market (3)		90,977	64,124
Certificates of Deposit (1)		-	59,746
Certificates of Deposit (3)		<u>75,301</u>	<u>-</u>
Total Operating Fund		<u>\$ 172,173</u>	<u>\$ 164,605</u>
	<u>Food Fund</u>		
Checking – Station HQ (1)		\$ 875	\$ 1,618
Checking – Station #3 (1)		<u>547</u>	<u>957</u>
Total Food Fund		<u>\$ 1,422</u>	<u>\$ 2,575</u>
	<u>Payroll Fund</u>		
Checking (2)		<u>\$ 3,903</u>	<u>\$ 3,502</u>

- (1) Maintained at Stock Yards Bank
- (2) Maintained at PNC Bank
- (3) Maintained at National City Bank

**NOTE 3—CONTRACTS**

The Association has a contract with the Town of Clarksville through December 31, 2009, and a contract that is annually renewed with the Jeffersonville Township, currently renewable through December 31, 2009.

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS—Continued

**NOTE 4—FEMA GRANT**

In a prior year, the Association was awarded funds through a grant from the Federal Emergency Management Agency (FEMA). Expenses relating to this grant totaling approximately \$20,400 are included in "Apparatus" expense in the Combined Statements of Receipts and Disbursements for the year ended December 31, 2007. All grant income was recorded in previous years.

**NOTE 5—PENSIONS**

The Association established a retirement plan during a prior year with funds previously set aside from the operating account. The defined benefit pension plan is handled by an outside carrier. The eligibility requirements to be met are a minimum of 18 years of age and a maximum of 60 years of age. Total contribution to the retirement plan was approximately \$22,000 and \$21,000 for 2008 and 2007, respectively, and is included as part of "Employee benefits" in the Combined Statements of Receipts and Disbursements.

**NOTE 6—PAYROLL**

The Jeffersonville Township funds the Association's payroll fund to compensate the volunteer firefighters for their services as outlined in their contract. The compensation does not affect the firefighters' volunteer status under the law of the state of Indiana.

**NOTE 7—CONCENTRATION OF RISK**

The Association maintains cash balances at three banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2008, none of the Association's cash balances at these banks exceeded \$250,000.

Approximately 93% and 97% of the Association's revenue was generated from two fire protection contracts in 2008 and 2007, respectively. The Association does not anticipate any material changes to the contracts.

**NOTE 8—TAX STATUS**

The Association is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the financial statements.



**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

The Officials of the McCulloch  
Volunteer Firefighters Association, Inc.  
Clarksville, Indiana

Our report on our audits of the financial statements of the McCulloch Volunteer Firefighters Association, Inc. for the years ended December 31, 2008 and 2007 appears on page 2. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, for the years ended December 31, 2008 and 2007, is presented for the purpose 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 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.

*McCauley, Nicolas & Company, LLC*  
McCauley, Nicolas & Company, LLC  
Certified Public Accountants

Jeffersonville, Indiana  
September 30, 2009

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS - OPERATING FUND**

as of and for the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>CASH RECEIPTS</u></b>		
Fire Protection contract - Jeffersonville Township	\$ 90,000	\$ 127,500
Fire Protection contract - Town of Clarksville	45,624	43,870
Insurance reimbursements	14,406	-
Interest income	3,722	3,123
Other income	644	2,269
	<u>154,396</u>	<u>176,762</u>
Total Cash Receipts	<u>\$ 154,396</u>	<u>\$ 176,762</u>
<b><u>CASH DISBURSEMENTS</u></b>		
Apparatus	\$ 10,495	\$ 30,019
Insurance	34,509	28,387
Utilities	9,828	9,805
Supplies	7,547	8,379
Car allowance	4,630	3,754
Radios and monitors	6,493	3,790
Building repairs and supplies	15,056	7,504
Fuel	8,948	6,231
Professional fees	9,336	2,673
Training	2,509	1,981
Employee benefits	32,247	31,259
Miscellaneous	5,230	3,129
	<u>146,828</u>	<u>136,911</u>
Total Cash Disbursements	<u>\$ 146,828</u>	<u>\$ 136,911</u>

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS -  
FOOD FUND - STATION HEADQUARTERS**

as of and for the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>CASH RECEIPTS</u></b>		
Concession machine income	\$ <u>1,006</u>	\$ <u>1,307</u>
Total Cash Receipts	\$ <u>1,006</u>	\$ <u>1,307</u>
<b><u>CASH DISBURSEMENTS</u></b>		
Food and entertainment expenses	\$ <u>1,749</u>	\$ <u>1,100</u>
Total Cash Disbursements	\$ <u>1,749</u>	\$ <u>1,100</u>

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS -  
FOOD FUND - STATION #3**

as of and for the years ended December 31, 2008 and 2007

<b><u>CASH RECEIPTS</u></b>	<u>2008</u>	<u>2007</u>
Concession machine income	\$ <u>1,131</u>	\$ <u>1,464</u>
Total Cash Receipts	\$ <u>1,131</u>	\$ <u>1,464</u>
<b><u>CASH DISBURSEMENTS</u></b>		
Food and entertainment expenses	\$ <u>1,541</u>	\$ <u>1,563</u>
Total Cash Disbursements	\$ <u>1,541</u>	\$ <u>1,563</u>

**McCULLOCH VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS -  
PAYROLL FUND**

as of and for the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>CASH RECEIPTS</u></b>		
Fire Protection contract – Jeffersonville Township	\$ <u>135,990</u>	\$ <u>135,819</u>
Total Cash Receipts	\$ <u>135,990</u>	\$ <u>135,819</u>
<b><u>CASH DISBURSEMENTS</u></b>		
Salaries	\$ 128,353	\$ 126,367
Payroll taxes	9,819	9,667
Miscellaneous	<u>417</u>	<u>382</u>
Total Cash Disbursements	\$ <u>138,589</u>	\$ <u>136,416</u>