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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa


August 24, 2018

Board of Directors
Charlestown Volunteer Fire Department Inc.
P.O. Box 235
Charlestown, IN 47111

We have reviewed the report prepared by Charlestown Volunteer Fire Department Inc. and opined upon by J Rorrer & Co., PC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Charlestown Volunteer Fire Department Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, J Rorrer & Co., PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

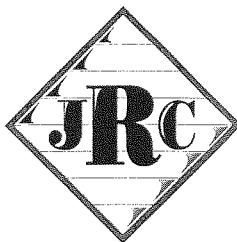
**Charlestown Volunteer Fire
Department Inc**

Audited Financial Statements

**For the Years Then Ended
December 31, 2015 and 2014**

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J RORRER & CO., P.C.

Certified Public Accountants

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND INDIANA & KENTUCKY CPA SOCIETY

INDEPENDENT AUDITORS' REPORT

To the Board
Charlestown Volunteer Fire Department Inc

We have audited the accompanying financial statements of Charlestown Volunteer Fire Department Inc (a nonprofit corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2015 and 2014, and the related statement of revenue and expenses and changes in net assets – modified cash basis, and statement of cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

324 Hunter Station Road • Sellersburg, IN 47172 • Phone: (812) 246-4222 • Fax: (812) 246-2014
952 Market Street • Charlestown, IN 47111 • Phone: (812) 256-7907 • Fax: (812) 256-7908

www.jrorrercocpa.com

Julie R. Rorrer, CPA
julie@jrorrercocpa.com

Claudia S. Brengman, CPA
claudia@jrorrercocpa.com

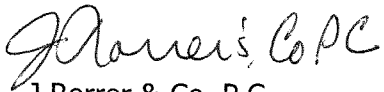
Jennifer K. Whalen, CPA
jennifer@jrorrercocpa.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Charlestown Volunteer Fire Department Inc as of December 31, 2015 and 2014 and its revenue, expenses, and other changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.



J Rorrer & Co. P.C.
Certified Public Accountants
Sellersburg, Indiana

September 28, 2016

Charlestown Volunteer Fire Department Inc
Statement of Assets Liabilities and Net Assets
Modified Cash Basis
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$312,556	\$310,961
Total current assets	<u>312,556</u>	<u>310,961</u>
Property and Equipment:		
Land	146,759	75,400
Buildings	821,950	811,363
Vehicles	548,394	579,388
Fire fighting equipment	795,563	789,184
Office	24,812	22,237
Furniture and fixtures	56,424	54,466
Computer system	26,916	26,917
Less Accumulated Depreciation	<u>(1,259,467)</u>	<u>(1,264,631)</u>
Total property and equipment	<u>1,161,351</u>	<u>1,094,324</u>
Total assets	<u><u>\$1,473,907</u></u>	<u><u>\$1,405,285</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Taxes payable	1,208	1,068
Current portion long-term debt	<u>85,637</u>	<u>67,506</u>
Total current liabilities	<u>86,845</u>	<u>68,574</u>
Long-Term Liabilities:		
Long-term debt	365,360	314,799
Less current portion	<u>(85,637)</u>	<u>(67,506)</u>
Total long-term liabilities	<u>279,723</u>	<u>247,293</u>
Total liabilities	<u>366,568</u>	<u>315,867</u>
Net Assets:		
Temporarily restricted	12,561	11,842
Unrestricted	<u>1,094,778</u>	<u>1,077,576</u>
Total net assets	<u>1,107,339</u>	<u>1,089,418</u>
Total liabilities and net assets	<u><u>\$1,473,907</u></u>	<u><u>\$1,405,285</u></u>

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department Inc
Statement of Revenue and Expenses and Changes in Net Assets
Modified Cash Basis
For the Years Then Ended December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Audited 2015 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Audited 2014 Total</u>
Revenue:						
Contract income	\$400,416	7,500	\$407,916	\$385,675	2,500	\$388,175
Miscellaneous Income	1,988	0	1,988	2,415	0	2,415
Vending	1,804	0	1,804	1,174	0	1,174
Insurance claims	2,030	0	2,030	2,538	0	2,538
Lieu of taxes	7,171	0	7,171	6,431	0	6,431
Grant income	0	0	0	10,000	0	10,000
Crusade for children	48,320	0	48,320	51,114	0	51,114
Net assets restricted	0	0	0	2,470	(2,470)	0
Gain and loss on sale of assets	14,836	0	14,836	0	0	0
Interest income	2	7	9	2	7	9
Total revenue	<u>476,567</u>	<u>7,507</u>	<u>484,074</u>	<u>461,819</u>	<u>37</u>	<u>461,856</u>
Expenses:						
Accounting	21,889	0	21,889	18,525	0	18,525
Bank charges	397	0	397	0	0	0
Building maintenance	3,985	0	3,985	6,344	0	6,344
Clothing allowance	40,005	0	40,005	44,128	0	44,128
Communication radio	2,684	2,272	4,956	1,908	0	1,908
Contribution	49,459	0	49,459	53,969	0	53,969
Department dinner and meals	1,113	0	1,113	1,584	0	1,584
Depreciation	128,123	0	128,123	126,151	0	126,151
Dues and subscriptions	1,352	0	1,352	1,469	0	1,469
Fuel	19,146	0	19,146	22,226	0	22,226
Insurance	30,687	0	30,687	31,602	0	31,602
Interest on loans	17,147	0	17,147	19,285	0	19,285
Miscellaneous expense	584	0	584	106	0	106
Office expense	7,274	0	7,274	7,287	0	7,287
Outside service	3,574	0	3,574	1,360	0	1,360
Payroll expense	53,169	0	53,169	51,709	0	51,709
Personal turnout gear	1,495	0	1,495	119	0	119
Professional fees	5,700	0	5,700	5,480	0	5,480
Public relations	3,455	0	3,455	4,573	0	4,573
Small equipment and repairs	3,818	0	3,818	3,509	0	3,509
Station 1 expense	14,568	0	14,568	17,097	0	17,097
Station 2 expense	3,376	0	3,376	4,708	0	4,708
Station 3 expense	4,822	0	4,822	5,628	0	5,628
Station 4 expense	3,890	0	3,890	3,719	0	3,719
Supplies	5,896	1,538	7,434	3,215	0	3,215
Telephone	7,276	0	7,276	4,605	0	4,605
Training	1,659	0	1,659	200	0	200
Truck expense	21,673	2,978	24,651	8,500	3,544	12,044
Uniforms	161	0	161	2,622	0	2,622
Vending expense	988	0	988	1,160	0	1,160
Total expenses	<u>459,365</u>	<u>6,788</u>	<u>466,153</u>	<u>452,788</u>	<u>3,544</u>	<u>456,332</u>
Changes in net assets	<u>17,202</u>	<u>719</u>	<u>17,921</u>	<u>9,031</u>	<u>(3,507)</u>	<u>5,524</u>
Net assets, beginning of year	<u>1,077,576</u>	<u>11,842</u>	<u>1,089,418</u>	<u>1,068,545</u>	<u>15,349</u>	<u>1,083,894</u>
Net assets, end of year	<u>\$1,094,778</u>	<u>\$12,561</u>	<u>\$1,107,339</u>	<u>\$1,077,576</u>	<u>\$11,842</u>	<u>\$1,089,418</u>

See accompanying notes and independent auditors' report.

Charlestown Volunteer Fire Department Inc
Statement of Cash Flows
Modified Cash Basis
For the Years Then Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating activities:		
Changes in net assets	\$17,921	\$5,524
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Loss or (gain) on sale of assets	(14,836)	0
Increase (decrease) in accrued liabilities	140	(999)
Depreciation	<u>128,123</u>	<u>126,151</u>
Net cash provided by operating activities	<u>131,348</u>	<u>130,676</u>
Investing activities:		
Proceeds from sale of property and equipment	15,000	0
Purchase of property and equipment	<u>(74,297)</u>	<u>(38,053)</u>
Net cash used in investing activities	<u>(59,297)</u>	<u>(38,053)</u>
Financing activities:		
Proceeds from long term debt	0	0
Payments on long term debt	<u>(70,456)</u>	<u>(65,398)</u>
Net cash used in financing activities	<u>(70,456)</u>	<u>(65,398)</u>
Net increase (decrease) in cash and cash equivalents	1,595	27,225
Beginning cash and cash equivalents	<u>310,961</u>	<u>283,736</u>
Ending cash and cash equivalents	<u><u>\$312,556</u></u>	<u><u>\$310,961</u></u>
Supplemental disclosure:		
Interest paid	<u><u>\$17,147</u></u>	<u><u>\$19,285</u></u>
Non-cash transactions:		
Property and equipment purchased through long-term debt	\$121,017	\$0
Vehicle with book value was exchanged in the acquisition of new vehicle, \$5,908 was capitalized to the cost of new equipment.	\$5,908	\$0

See accompanying notes and independent auditors' report.

Note 1 – Nature of Organization and Operations:

Nature of Activities:

Charlestown Volunteer Fire Department, Inc. (a nonprofit Corporation) operates trained volunteers to fight fires, maintain fire fighting equipment, and otherwise provide fire protection and fire prevention services for Charlestown Township, a part of Oregon Township, and the City of Charlestown, Indiana.

Note 2 – Summary of Significant Accounting Policies:

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. The modifications to the cash basis of accounting are capitalization of property and equipment and recording of long-term debt obligations.

Estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting 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:

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 Charlestown – Oregon Township Fire Protection District of Clark County, Indiana. They are scheduled to receive funds twice a year from the District.

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 nonprofit 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.

The Organization's last three years of tax returns remain subject to examination by the IRS. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Charlestown Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2015 and 2014

Subsequent Event:

The Organization has evaluated subsequent events through September 28, 2016 the date which the financial statements were available to be issued. In April 2016 Station 3 was closed and all assets were moved to other locations.

Note 3 – Cash:

Temporary Restricted Cash:

Equipment Depreciation fund is an interest bearing checking account held in reserve for emergency repairs or replacement of fire fighting equipment. The fire service contract requires the CVFD to deposit \$5,000 annually into this account. If the account falls below \$10,000 the Fire Department shall not make expenditures from the account without written approval of the District. Balance as of December 31, 2015 and 2014 is \$12,561 and \$11,842, respectively.

Unrestricted Cash:

Consists of eight accounts, one main operating account is used for receipts and disbursements. Separate accounts are used for remodeling and building construction, insurance proceeds, EMS receipts and disbursements, clothing allowance, cadets, and fund raising activities. The balance of unrestricted cash as of December 31, 2015 and 2014 is \$299,996 and \$299,119, respectively.

Note 4 – 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. Assets with a useful life of over one year are capitalized at cost. It is the Organization's policy to capitalize expenditures for those items in excess of \$500.

Note 5 – Long-Term Notes Payable:

Long-term notes payable at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Note payable to New Washington State Bank with two annual payments of \$17,654, bearing interest at 5.5% and collateral of real estate.	\$ 66,171	\$ 96,605
Note payable to New Washington State Bank with two annual payments of \$9,733 bearing interest at 4.9% and collateral of real estate.	150,318	156,570
Note payable to New Washington State Bank with monthly payments of \$322 bearing interest at 4.50% and collateral of F-250 truck.	0	2,823
Note payable to New Washington State Bank with monthly payments of \$1,543 bearing interest at 4.30% and collateral of 2008 Crimson truck.	22,384	39,522

Charlestown Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2015 and 2014

Note payable to First Savings Bank with monthly payments of \$320 bearing interest at 3.75% and collateral of F150 truck.	9,963	13,364
Note payable to First Savings Bank with monthly payments of \$308 bearing interest at 4.35% and collateral of F250 truck.	0	5,915
Note payable to New Washington State Bank with semiannual payments of \$3,885 bearing interest at 4.50% and collateral of land.	61,965	0
Note payable to First Savings Bank with monthly payments of \$348 bearing interest at 3.75% and collateral of 2015 Ford truck.	16,367	0
Note payable to First Savings Bank with monthly payments of \$370 bearing interest at 3.75% and collateral of 2015 Dodge truck	18,531	0
Note payable to First Savings Bank with monthly payments of \$366 bearing interest at 3.75% and collateral of 2015 Dodge Ram truck.	19,661	0
Total	<u>\$ 365,360</u>	<u>\$ 314,799</u>
Less current portion	<u>85,637</u>	<u>67,506</u>
	<u>\$ 279,723</u>	<u>\$ 247,293</u>

Maturities of long term debt are as follows:

2016	\$ 85,637
2017	70,498
2018	32,463
2019	31,130
2020	27,141
Thereafter	118,491
	<u>\$ 365,360</u>

Note 6 – 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 tasks that assist the Organization. The Organization could not operate if they did not have volunteers.

Charlestown Volunteer Fire Department Inc
Notes to the Financial Statements
December 31, 2015 and 2014

Note 7 – Leases:

The Organization subleases real estate from the Indiana Army Ammunition Plant Reuse Authority for the sum of \$1.00 per year plus supplemental fire protection and emergency services for the River Ridge Commerce Center. The lease expired March 30, 2016 and they did not renew the lease.

The Organization subleases a 2010 Crimson Fire Engine and a 2006 Ferrara Rescue Engine from the Charlestown – Oregon Townships Fire Protection District of Clark County, Indiana for the sum of \$1 per year, per vehicle plus the Organization must provide maintenance and insurance for these vehicle. The lease is year to year.

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 instrument: cash equivalents. The fair value of the Organization's long-term debt is estimated at \$365,360 and \$314,799 for 2015 and 2014, respectively, 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 Charlestown – Oregon Township Fire Protection District of Clark County, Indiana. However, their services will always be needed by the public.

Note 10 – Indiana DNRI Financial Assistance:

The Organization was awarded a matching grant for the year 2015 from the Department of Natural Resources. The approved project cost was \$10,000. The funds were to be used for water handling. The state's share was 50% and the Organization's share was 50%. Funds received in 2015 were \$0. The expenditures for 2015 were \$11,564.

The Organization was awarded a matching grant for the years 2014 and 2013 from the Department of Natural Resources. The approved project cost for 2014 and 2013 was \$10,000 and \$10,000, respectively. The funds were to be used for equipment and wild land. The state's share was 50%, or \$5,000, and the Organization's share was 50%. Funds received in 2014 and 2013 were \$5,000 and \$5,000, respectively. The expenditures for 2014 and 2013 were \$10,869 and \$0, respectively.

Note 11 – Functional Expense:

The Organization reports its expenses by natural classification in the statement of revenues and expenses and changes in net assets – modified cash basis. By function, costs were incurred as follows:

	2015	2014
Fire protection service	\$ 379,465	\$ 375,863
Administrative	37,229	33,585
Fund raising	49,459	46,884
	<u>\$ 466,153</u>	<u>\$ 456,332</u>