



STATE OF INDIANA
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October 13, 2016

Board of Directors
Honey Creek Department of Fire and Rescue Services, Inc.
6553 S. Carlisle Street
Terre haute, IN 47802

We have reviewed the audit report prepared by Sackrider & Company, Inc., for the period January 1, 2015 to December 31, 2015. 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 Honey Creek Department of Fire and Rescue Services, 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.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**HONEY CREEK DEPARTMENT OF FIRE
AND RESCUE SERVICES, INCORPORATED**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Honey Creek Department of Fire and
Rescue Services, Incorporated
Terre Haute, Indiana

We have audited the accompanying statement of cash balances of Honey Creek Department of Fire and Rescue Services, Incorporated as of December 31, 2015, and the related detailed schedule of cash receipts and disbursements for the year 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 cash basis of accounting as described in Note 1, this includes determining that the 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.

Auditor's Responsibility

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. 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Honey Creek Department of Fire and Rescue Services, Incorporated as of December 31, 2015, and its cash receipts and disbursements for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

Sackrides + Company, Inc.

Terre Haute, Indiana

May 9, 2016

HONEY CREEK DEPARTMENT OF FIRE AND RESCUE SERVICES, INCORPORATED

Statement of Cash Balances

January 1, 2015 to December 31, 2015

<u>Fund</u>	<u>Balance January 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 2015</u>
Operating fund				
Checking accounts	\$ <u>61,766</u>	\$ <u>2,027,125</u>	\$ <u>2,054,147</u>	\$ <u>34,744</u>
Savings accounts	\$ <u>1,794,692</u>	\$ <u>2,151,356</u>	\$ <u>2,026,100</u>	\$ <u>1,919,948</u>

The accompanying notes are an integral part of this statement.

HONEY CREEK DEPARTMENT OF FIRE AND RESCUE SERVICES, INCORPORATED

Detailed Schedule of Cash Receipts and Disbursements

Year ended December 31, 2015

Cash receipts

Operating fund - checking accounts	
Refunds	\$ 1,025
Transfer from operating fund savings account	<u>2,026,100</u>
	<u>\$ 2,027,125</u>

Operating fund - savings account

Governmental units:	
Fire protection contract	\$ 2,100,000
Contributions & grants	20,000
Interest	1,705
Refunds	6,495
Sale of equipment	499
Fire reports	21,400
Stock	30
Vending machine receipts	719
T Shirts	<u>508</u>
	<u>\$ 2,151,356</u>

Cash disbursements

Operating fund - checking account	
Payroll and related expenses	\$ 1,695,554
Utilities	43,802
Insurance	99,215
Gas and oil	26,801
Fire fighting equipment	76,452
Building improvements and maintenance	29,128
Fire training division	8,806
Fire prevention division	2,512
Accounting and legal fees	17,085
Miscellaneous	1,400
Loan principal	46,600
Loan interest	<u>6,792</u>
	<u>\$ 2,054,147</u>

Operating fund - savings accounts

Transfers to operating fund checking accounts	\$ <u>2,026,100</u>
	<u>\$ 2,026,100</u>

The accompanying notes are an integral part of this statement.

**HONEY CREEK DEPARTMENT OF FIRE
AND RESCUE SERVICES, INCORPORATED**

Notes to Financial Statements

December 31, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Honey Creek Department of Fire and Rescue Services, Incorporated was incorporated on May 8, 1973 under the statutes prescribed by the Indiana Not-For-Profit Corporation Act of 1971.

The Honey Creek Department of Fire and Rescue Services, Incorporated is a local fire department that provides fire and rescue services in the Honey Creek Fire Protection District in Terre Haute, Indiana. The Honey Creek Department of Fire and Rescue Services, Incorporated also provides fire prevention and first aid training courses to the community.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the corporation, the accounts of the Corporation 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 the fund established according to their nature and purposes. Accordingly all financial transactions have been recorded by fund. The fund being used by the Corporation is as follows:

- Operating fund, consisting of a checking account and a savings account. All operating disbursements are accounted for in the checking account. All cash receipts of the Corporation are deposited in the savings account and monies are transferred to the checking account as needed and invested in certificates of deposit when prudent to earn additional interest, or as required by written agreement with the Honey Creek Fire Protection District.

Basis of Accounting

The Corporation's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received and certain expenses are recognized when paid.

Generally accepted accounting principles require the use of the accrual basis of accounting. The accrual basis of accounting requires that revenues be recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

Since the Corporation's policy is to prepare its financial statements on the basis of cash receipts and disbursements, the financial statements presented herein are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Subsequent Events

Management has evaluated subsequent events through May 9, 2016 the date which the financial statements were available for issue and concluded nothing occurred requiring adjustment to the financial statements or disclosure in the notes to the financial statements.

**HONEY CREEK DEPARTMENT OF FIRE
AND RESCUE SERVICES, INCORPORATED**

Notes to Financial Statements - Continued

December 31, 2015

NOTE 2 - INCOME TAXES

The Corporation is exempt from federal income tax under Internal Revenue Code Section 501(c)(4).

The Corporation's policy is to evaluate any potential uncertain tax provisions and the likelihood that they will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evidence. It is the opinion of management that the Corporation has no uncertain tax positions.

The Corporation's information returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2015, the Corporation's federal and state tax returns for the last three years are open for examination as each year's returns remain open for examination for three years.

NOTE 3 - DIRECT AND INDIRECT BENEFIT FROM GOVERNMENTAL UNITS

During 2015, the Corporation received \$2,100,000 from the Honey Creek Fire Protection District in accordance with the terms of an agreement requiring the Corporation to provide fire protection services in 2015.

Revenue received from the Honey Creek Fire Protection District composed 98% of the corporations revenue for the year ended December 31, 2015.

NOTE 4 - LONG-TERM OBLIGATIONS

The Honey Creek Department of Fire and Rescue Services, Inc. has long-term obligations consisting of the following at December 31, 2015:

Note payable to bank, due April 1, 2018, payable in 81 monthly payments of \$1,848.70, which includes interest of 4.75%, secured by real estate.	\$ 47,445
Note payable to bank, due April 11, 2018, payable in 81 monthly payments of \$2,258.37, which includes interest of 4.75%, secured by real estate.	<u>57,578</u>
	\$ <u>105,023</u>

Maturities of long-term obligations over the next five years are:

2016	\$ 45,056
2017	47,244
2018	12,723
2019	-
2020	-
Thereafter	-

**HONEY CREEK DEPARTMENT OF FIRE
AND RESCUE SERVICES, INCORPORATED**

Notes to Financial Statements - Continued

December 31, 2015

NOTE 5 - PENSION PLAN

Effective January 1, 2008 the corporation began sponsoring a 403(B) pension plan that covers all employees who were employed on January 1, 2008. Employees hired after January 1, 2008 must complete one year of service consisting of 1,000 hours of service and attain the age of 21 to be eligible for the plan. Contributions to be made to the plan consist of 3% of the employees gross wages. For 2015, the amount of pension expense was \$38,506.

NOTE 6 - TRAINING FUND

Donations were received for the establishment of a training fund in memory of a former firefighter. These funds are to be used to provide training courses for current firefighters. At December 31, 2015, the operating fund contains \$1,308 of funds restricted for this purpose.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Corporation routinely maintains bank account balances in a local financial institution in excess of the amount covered by the Federal Deposit Insurance Corporation.