



**STATE OF INDIANA**  
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November 20, 2023

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 of Honey Creek Department of Fire and Rescue Services, Inc. which was opined upon by Sackrider & Company, Inc., Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report* 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, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Sackrider & Company, Inc. prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

HONEY CREEK DEPARTMENT OF FIRE  
AND RESCUE SERVICES, INCORPORATED

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of Honey Creek Department of Fire and Rescue Services, Incorporated which comprise the statement of cash balances as of December 31, 2022, and the related detailed schedule of cash receipts and disbursements for the year then ended, and the related notes to the financial statements.

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, 2022, 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 for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Honey Creek Department of Fire and Rescue Services, Incorporated and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 this matter.

## **Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Honey Creek Department of Fire and Rescue Services, Incorporated's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Honey Creek Department of Fire and Rescue Services, Incorporated's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Saskinder & Company, Inc.*

Terre Haute, Indiana  
October 6, 2023

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

**Statement of Cash Balances**

January 1, 2022 to December 31, 2022

<u>Fund</u>	<u>Balance January 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 2022</u>
<b>Operating fund</b>				
Checking accounts	\$ <u>13,696</u>	\$ <u>2,638,949</u>	\$ <u>2,622,942</u>	\$ <u>29,703</u>
Savings accounts	\$ <u>1,731,063</u>	\$ <u>3,963,703</u>	\$ <u>3,713,626</u>	\$ <u>1,981,140</u>
Certificates of deposit	\$ <u>1,266,701</u>	\$ <u>77,171</u>	\$ <u>1,343,872</u>	\$ <u>-</u>
Cash equivalents	\$ <u>-</u>	\$ <u>1,500,036</u>	\$ <u>1,490,164</u>	\$ <u>9,872</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, 2022

**Cash receipts**

Operating fund - checking accounts	
Transfer from operating fund savings account	\$ 2,637,389
Refunds	<u>1,560</u>
	<u>\$ 2,638,949</u>
Operating fund - savings account	
Governmental units:	
Fire protection contract	\$ 2,427,647
Public safety LIT revenues	104,321
Contributions	5,650
Interest	665
Refunds	55,864
Sale of equipment	1,800
Fire reports	13,826
T Shirts	628
Stock	60
Dan Otey fund	375
Transfer from operating fund certificates of deposit	1,343,872
Transfer from operating fund cash equivalents	<u>8,995</u>
	<u>\$ 3,963,703</u>
Operating fund - certificates of deposits	
Interest	\$ 934
Transfer from operating fund savings account	<u>76,237</u>
	<u>\$ 77,171</u>
Operating fund - cash equivalents	
Interest	\$ 36
Transfer from operating fund savings account	1,000,000
Proceeds from sale of investments	<u>500,000</u>
	<u>\$ 1,500,036</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 - Continued

Year ended December 31, 2022

**Cash disbursements**

Operating fund - checking account	
Payroll and related expenses	\$ 2,042,355
Utilities	59,387
Insurance	100,923
Gas and oil	62,383
Fire fighting equipment	127,974
Building improvements and maintenance	126,615
Fire training division	46,459
Fire prevention division	5,645
Accounting and legal fees	51,201
	<u>\$ 2,622,942</u>
Operating fund - savings accounts	
Transfers to operating fund checking account	\$ 2,637,389
Transfers to operating fund certificates of deposit	76,237
Transfers to operating fund cash equivalents	1,000,000
	<u>\$ 3,713,626</u>
Operating fund - certificates of deposit	
Transfers to operating fund savings account	\$ 1,343,872
	<u>\$ 1,343,872</u>
Operating fund - cash equivalents	
Transfers to operating fund savings account	\$ 8,995
Purchases of investments	1,481,169
	<u>\$ 1,490,164</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, 2022**

**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, a savings account, cash equivalents and investments in fixed income securities. 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 and fixed income securities 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 are recognized when received rather than when earned and certain expenses and purchases of assets are recognized when paid rather than when the obligation is incurred.

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.

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

**Notes to Financial Statements - Continued**

**December 31, 2022**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued**

Functional Allocation of Expenses

The Detailed Schedule of Cash Receipts and Disbursements presents the Corporation's expenses by nature in accordance with the approved budget categories.

Expenses by function for the year ended December 31, 2022 were as follows:

Program Service - Fire Protection & Training	\$ 2,503,322
Management and General	<u>119,620</u>
	\$ <u>2,622,942</u>
Reconciliation of expenses by function to the Detailed Schedule of Cash Receipts and Disbursements:	
Cash disbursements from operating fund checking account	\$ <u>2,622,942</u>
	\$ <u>2,622,942</u>

Certain expenses are attributable to programs and management and general function and are allocated on a reasonable basis that is consistently applied as determined by management.

Revenue Recognition

Revenue is measured in accordance with the cash basis of accounting. Revenues are recognized when received rather than when earned.

Subsequent Events

Management has evaluated subsequent events through October 6, 2023, the date which the financial statements were available for issue.

**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 positions 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.

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

**Notes to Financial Statements - Continued**

**December 31, 2022**

**NOTE 2 - INCOME TAXES - continued**

The Corporation's information returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2022, 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 2022, the Corporation received \$2,427,647 from the Honey Creek Fire Protection District in accordance with the terms of an agreement requiring the Corporation to provide fire protection services in 2022.

Revenue received from the Honey Creek Fire Protection District composed 93% of the Corporation's revenue for the year ended December 31, 2022.

During 2022, the Corporation received \$104,321 of Public Safety LIT revenues. This was the maximum amount possible based on the schedule adopted by Vigo County Council during 2021.

**NOTE 4 - INVESTMENTS**

During 2022, the Corporation purchased investments. The cost at December 31, 2022 are as follows:

U.S. Treasury Bill, \$500,000 par, 2.614%, Due 1/29/23	\$ 493,605
U.S. Treasury Bill, \$500,000 par, 2.008%, Due 4/27/23	<u>490,159</u>
	\$ <u>983,764</u>

**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 are eligible for the plan upon hiring. Contributions to be made to the plan consist of 3% of the employees gross wages. For 2022, the amount of pension expense was \$43,685.

**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, 2022, the operating fund contains \$535 of funds restricted for this purpose.

HONEY CREEK DEPARTMENT OF FIRE  
AND RESCUE SERVICES, INCORPORATED

Notes to Financial Statements - Continued

December 31, 2022

**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.

**NOTE 8 - FORM E-1 RECONCILIATION**

Government funds received during the year per filed E-1	\$ <u>2,531,968</u>
Government funds received during the year per Detailed Schedule of Cash Receipts on page 5	\$ <u>2,531,968</u>
Government funds disbursed during the year per filed E-1	\$ <u>2,546,803</u>
Government funds disbursed during the year per Detailed Schedule of Disbursements on page 6: From checking account	\$ <u>2,622,942</u>

The difference of \$76,139 between Government funds disbursed on the previously filed E-1 and the Government funds disbursed per page 6 is due to disbursements for consulting fees and the cost of a new software for emergency responders.