



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B49511

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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


February 2, 2018

Board of Directors  
Fire Department of Liberty Township Inc.  
P.O. Box 160  
Clayton, IN 46118

We have reviewed the report prepared by Fire Department of Liberty Township Inc. and opined upon by Dunton & Co., PC, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Fire Department of Liberty Township Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Dunton & 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

**Fire Department of Liberty Township  
Hendricks County Indiana, Inc.**

Financial Statements

December 31, 2016 and 2015



**Fire Department of Liberty Township  
Hendricks County Indiana, Inc.**

Table of Contents  
December 31, 2016 and 2015

<b>Independent Auditor’s Report</b>	1
<b>Financial Statements:</b>	
Statements of Assets and Net Assets – Modified Cash Basis	2
Statements of Cash Receipts, Disbursements and Changes in Net Assets – Modified Cash Basis	3
Statements of Cash Flows – Modified Cash Basis	4
Notes to Financial Statements	5



52 South 9<sup>th</sup> Street • Suite 8 • Noblesville, IN 46060 • Phone 317-804-9303

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Fire Department of Liberty Township  
Hendricks County Indiana, Inc.

We have audited the accompanying financial statements of Fire Department of Liberty Township Hendricks County Indiana, Inc. (a nonprofit organization), which comprise the statements of assets and net assets (modified cash basis) as of December 31, 2016 and 2015, and the related statements of cash receipts, disbursements, and changes in net assets (modified cash basis), and 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 1; 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.

### Auditor's 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 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 assets, liabilities, and net assets of Fire Department of Liberty Township Hendricks County Indiana, Inc. as of December 31, 2016 and 2015, and its cash receipts and disbursements and cash flows for the years then ended in accordance with the modified 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 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 this matter.

*Dunton & Co.*

September 5, 2017

Fire Department of Liberty Township  
Hendricks County Indiana, Inc.  
Statements of Assets and Net Assets  
Modified Cash Basis  
December 31, 2016 and 2015

	<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Current Assets			
Cash and Cash Equivalents			
Checking		\$ 107,041.37	\$ 3,146.24
Savings		155,108.18	355,298.95
Savings-Checking		45,034.84	-
Checking Association		44,964.67	42,616.58
Checking Cadet		724.27	719.27
		<hr/>	<hr/>
Total Cash and Cash Equivalents		352,873.33	401,781.04
		<hr/>	<hr/>
Deposit - Tanker		16,635.00	-
		<hr/>	<hr/>
Total Current Assets		369,508.33	401,781.04
		<hr/>	<hr/>
Property and Equipment			
Fire trucks and EMS vehicles		1,147,069.61	1,146,176.72
Fire equipment		588,183.76	570,513.30
Vehicles		57,804.40	55,704.40
Fitness equipment		22,463.50	22,463.50
EMS equipment		93,257.10	101,552.10
Computers		2,519.98	2,519.98
Buildings and improvements		4,092.97	4,092.97
Land		4,700.00	4,700.00
Furniture		2,209.00	2,209.00
Software		1,524.00	1,524.00
		<hr/>	<hr/>
		1,923,824.32	1,911,455.97
		<hr/>	<hr/>
Total Accumulated Depreciation		(1,347,988.52)	(1,287,584.42)
		<hr/>	<hr/>
Property and Equipment, Net		575,835.80	623,871.55
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>\$ 945,344.13</b>	<b>\$ 1,025,652.59</b>
		<hr/> <hr/>	<hr/> <hr/>
	<b>NET ASSETS</b>		
Net Assets			
Unrestricted Net Assets		\$ 945,344.13	\$ 1,025,652.59
		<hr/>	<hr/>
Total Net Assets		945,344.13	1,025,652.59
		<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>		<b>\$ 945,344.13</b>	<b>\$ 1,025,652.59</b>
		<hr/> <hr/>	<hr/> <hr/>

Fire Department of Liberty Township  
Hendricks County Indiana, Inc.  
Statements of Cash Receipts, Disbursements and Changes In Net Assets  
Modified Cash Basis  
For the years ended December 31, 2016 and 2015

<b>Unrestricted</b>	<b>2016</b>	<b>2015</b>
<b>Cash Receipts</b>		
Local Government Fire Service Contracts	\$ 223,185.00	\$ 233,185.00
Ambulance and Fire Services	97,260.31	67,076.59
Fundraising	19,263.68	16,004.90
Gain on disposition of assets	4,445.00	103,888.79
Rental	7,500.00	4,856.00
Other receipts	1,407.73	242.98
<b>Total Cash Receipts</b>	<u>353,061.72</u>	<u>425,254.26</u>
<b>Cash Disbursements</b>		
<b>Program: EMS and Fire Services</b>		
Standby wages and payroll taxes	92,226.34	94,916.83
Depreciation expense	60,404.10	63,848.38
Insurance	43,479.14	47,848.66
Utilities	15,818.03	22,893.15
Dispatch	-	19,653.08
Fuel	14,375.94	11,079.25
Clothing allowances and reimbursements	20,767.47	6,404.25
EMS division supplies and equipment	9,366.13	9,831.92
Fire division supplies and equipment	8,183.01	7,885.83
Vehicle maintenance	20,687.21	9,264.63
Computer software support and upgrade	4,824.21	4,640.00
Communication	6,070.23	2,720.21
Station maintenance	3,858.88	4,551.70
EMT sponsored training expenses	2,720.62	1,074.97
Health and Wellness	20.00	82.00
Miscellaneous	939.93	3,790.10
<b>Total program: EMS and Fire Services</b>	<u>303,741.24</u>	<u>310,484.96</u>
<b>Administrative and fundraising support</b>		
Professional Fees: audit, tax preparation and payroll processing	13,191.00	13,056.00
Professional Fees: Legal	8,845.65	7,000.00
Professional Fees: Ambulance billing	7,409.37	5,278.92
Association expenses	4,287.15	5,508.13
Fundraising	1,644.96	1,474.00
Administrative supplies and other expenses	1,614.65	1,821.96
Total administrative and fundraising support	<u>36,992.78</u>	<u>34,139.01</u>
<b>Total Operating Cash Disbursements</b>	340,734.02	344,623.97
<b>Other</b>		
Litigation settlement	92,636.16	-
<b>Total Cash Disbursements</b>	<u>433,370.18</u>	<u>344,623.97</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(80,308.46)</u>	<u>80,630.29</u>
<b>Total Net Assets, Beginning of Year</b>	<u>1,025,652.59</u>	<u>945,022.30</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 945,344.13</u>	<u>\$ 1,025,652.59</u>

See accompanying notes to financial statements.

Fire Department of Liberty Township  
Hendricks County Indiana, Inc.  
Statements of Cash Flows  
Modified Cash Basis  
For the Years Ended December 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities:</b>		
Net increase (decrease) in net assets	\$ (80,308.46)	\$ 80,630.29
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Net gain from the disposition of assets	(4,445.00)	(103,888.79)
Depreciation	<u>60,404.10</u>	<u>63,848.38</u>
Net Cash Provided (Used) by Operating Activities	<u>(24,349.36)</u>	<u>40,589.88</u>
 <b>Investing Activities</b>		
Proceeds from disposition of assets	4,445.00	121,416.68
Deposit- tanker	(16,635.00)	-
Purchases of equipment	<u>(12,368.35)</u>	<u>(13,765.95)</u>
Net Cash Provided by Investing Activities	<u>(24,558.35)</u>	<u>107,650.73</u>
 Net Increase (decrease) in cash and cash equivalents	(48,907.71)	148,240.61
Cash and cash equivalents, beginning of year	<u>401,781.04</u>	<u>253,540.43</u>
 <b>Cash and cash equivalents, end of year</b>	<u><u>\$ 352,873.33</u></u>	<u><u>\$ 401,781.04</u></u>

Fire Department of Liberty Township  
Hendricks County Indiana, Inc.  
Notes to Financial Statements  
December 31, 2016 and 2015

**Note 1: Nature of Activities**

The Fire Department of Liberty Township Hendricks County Indiana, Inc. (the Fire Department) was formed in January 2000, resulting from the merger of four volunteer fire departments in Liberty Township; Clayton, Cartersburg, Belleville, and Hazelwood. The Fire Department provides the Town of Clayton and one-hundred percent of Liberty Township with fire protection and emergency medical services. The Fire Department is under contract with the Town of Clayton and Liberty Township to provide these services. The cash receipts from these contracts are recognized in the statement of cash receipts, disbursements, and changes in net assets under "Local Government Service Contracts". The Town of Clayton, in connection with its contract, provides the building that houses Fire Station 31 under a 99-year lease that was executed on August 3, 1987. The annual rent under the lease is \$1. A second Fire Station, number 32, is located in Hazelwood, which is owned by Hazelwood Fire Fighters Association, Inc. (the Association). The Fire Department uses the station in exchange for reimbursing the Association fifty-percent of the monthly utilities. A value has not been placed on the use of these facilities. The Fire Department is staffed by a combination of paid and volunteer personnel primarily residing in Liberty Township in Hendricks County, Indiana.

**Note 2: Significant Accounting Policies**

**Basis of Accounting** - The Fire Department maintains its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). It differs from GAAP in that revenue is recognized when received instead of when earned and expenses are recognized when paid instead of when incurred. The Fire Department, however, recognizes federal grant proceeds, other governmental revenue and other proceeds associated with governmental distributions when earned in accordance with the grant and other agreements. Insurance proceeds are deferred when the expenses have not been incurred for which the insurance payments have been received. Any unearned revenue is reflected as a liability on the statements of assets, liabilities and net assets.

**Basis of Presentation** - The Fire Department reports its net assets by three different classifications; unrestricted, temporarily restricted, and permanently restricted. When the temporarily restricted net assets are released because of expired time restraints or defined events, they are transferred to unrestricted net assets. There were no temporarily or permanently restricted net assets as of December 31, 2016 and 2015

**Accounting Estimates** - The preparation of the 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. The estimates that are made concern estimated lives of property and equipment that are depreciated over those estimated lives. Accordingly, actual results could differ from those estimates.

Fire Department of Liberty Township  
Hendricks County Indiana, Inc.  
Notes to Financial Statements  
December 31, 2016 and 2015

**Note 2: Significant Accounting Policies (continued)**

Cash Equivalents - For purposes of the statements of assets, liabilities, and net assets, and cash flows, cash and cash equivalents include all cash and savings accounts with original maturities of three months or less. The cash and cash equivalents balances on deposit in a commercial bank at various times exceeded the Federal Deposit Insurance Corporation limits during the fiscal years ended December 31, 2016 and 2015.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted receipts, depending on the existence and/or nature of any donor-imposed restrictions. Any contributions received with donor-imposed restrictions that are met in the year received are classified as unrestricted donations

Donated Services – The Fire Department is staffed by paid and volunteer personnel who provide fire protection and EMS emergency medical and transport services. In connection with the volunteer services, if such services were not donated, the Fire Department would be required to hire such services at the same hourly rate of the paid personnel. The volunteers' donated services at their fair market value could not be determined in 2016 and 2015.

Property and Equipment – All property and equipment are recorded at cost and depreciated over the estimated useful lives of the assets, using the straight line method. Property and equipment that are donated are recorded at their estimated fair market value as of the date of the donation. Estimated useful lives range from 5 to 40 years. Equipment purchases under \$1,000 are generally expensed and all repairs and maintenance are expensed. The firehouses that were donated to the volunteer fire departments prior to the mergers have been recorded at nominal values of \$1 since there isn't any documentation to determine the donation dates or the value at the dates of the donations. The Federal government may have a reversionary interest in property purchased with Federal funds and may determine how the proceeds from the sale of such assets shall be used to include the refund of such proceeds to the Federal government.

Income taxes – The Fire Department is an organization exempt from taxation under Section 501(c) (3) of the Internal Revenue Code. The Fire Department has not conducted any unrelated business activities and therefore, the Fire Department has not made any provision for Federal income taxes in the accompanying financial statements. The Fire Department believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Fire Department's exempt organization federal and state income tax returns for the years ended December 31, 2015, 2014, and 2013 are subject to examination by the IRS or the Indiana Department of Revenue, generally for three years after the returns have been filed with the IRS.

Fire Department of Liberty Township  
Hendricks County Indiana, Inc.  
Notes to Financial Statements  
December 31, 2016 and 2015

**Note 3: Credit Risk, Concentrations, and Limitations**

In connection with its EMS emergency runs, the Fire Department bills insurance companies, individuals, Medicare, Medicaid and other Fire and EMS Departments fees based on the emergency ALS and transport services provided to patients or accident victims. The income from those services is recorded when received and therefore, the receivable for those services and an allowance for uncollectible fees are not recorded on the statement of assets, liabilities and net assets. The payments received may be less than the fees billed due to limitations of the fees to be reimbursed by Medicare, Medicaid and insurance companies.

The Fire Department receives public support from the Town of Clayton and the Liberty Township Trustee that approximated seventy percent of the Fire Department's cash receipts received for operations in 2016 and 2015. The contract amounts are supported by tax receipts and may increase or decrease subject to the tax budgets and collections each year.

The Fire Department provides fire and EMS services on a twenty-four hours seven day basis with limited standby personnel, volunteers, and equipment. Due to these limitations, the fire and EMS personnel and equipment available to support emergency situations are minimized by limited public funding by the Township and the town of Clayton.

**Note 4: Fundraising Expense**

Total fundraising expenses in connection with the annual boot drive for the years ended December 31, 201 and 2015 were \$1,644.96 and \$1,474.00 respectively. The ratio of expenses to amounts raised is computed using actual cash expenditures to the related cash donations received. The expense ratios for 2016 and 2015 respectively, were 8.5% and 9.2%.

Fire Department of Liberty Township  
Hendricks County Indiana, Inc.  
Notes to Financial Statements  
December 31, 2016 and 2015

**Note 5: Public Funding**

The Fire Department of Liberty Township Hendricks County Indiana, Inc. receives public support to fund its emergency medical services and fire protection in Clayton Indiana and in Liberty Township in Hendricks County. As noted, the Fire Department routinely pursues Federal grants to fund special equipment purchases. During 2016 and 2015, the Fire Department received the following state and local funds.

<b>Government Entity</b>	<b>Amounts Received</b>	
	2016	2015
Liberty Township	\$ 191,185.00	\$ 201,185.00
The Town of Clayton	32,000.00	32,000.00
<b>Total Government funds received</b>	<b>\$ 223,185.00</b>	<b>\$ 233,185.00</b>

**Note 6: Litigation**

The Fire Department was a defendant in an ongoing legal action as of December 31, 2015. The Fire Department vigorously defended the legal action and during 2016, the lawsuit was settled.

**Note 7: Evaluation of Subsequent Events**

The Fire Department has evaluated subsequent events through September 5, 2017, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition in the accompanying financial statements.