



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B49979

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

May 4, 2018


Board of Directors
Lake Hills Volunteer Fire Department, Inc.
P.O. Box 285
Scherville, IN 46375

We have reviewed the report prepared by Lake Hills Volunteer Fire Department, Inc. and opined upon by Matthew Hunniford & Company, PC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2016. Per the *Independent Auditor's Report*, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements included in the report present fairly the financial condition of Lake Hills Volunteer Fire Department, 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.

We call your attention to the Basis for Qualified Opinion in the audit report.

In our opinion, Matthew Hunniford & Company, 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

**Lake Hills
Volunteer Fire Department, Inc.**

Financial Report

December 31, 2016 and 2015

TABLE OF CONTENTS

	Page
ACCOUNTANT'S REPORT	1
 FINANCIAL STATEMENTS	
Statements of Financial Position – Cash Basis.....	3
Statements of Revenues and Expenses and Change in Net Assets – Cash Basis	4
Statements of Cash Flows – Cash Basis	5
Notes to Financial Statements.....	6 – 7
Supplemental Schedules of Government Funds Received – Cash Basis.....	8



CERTIFIED PUBLIC ACCOUNTANTS • FINANCIAL PLANNING

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Lake Hills Volunteer Fire Department, Inc.
Schererville, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Hills Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statements of financial position – cash basis as of December 31, 2016 and 2015, and the related statements of revenues and expenses and change in net assets – cash basis, and cash flows – cash basis for the years then ended, and the related notes to the financial statements.

2705 Highway Avenue
Highland, IN 46322

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

p 219.923.4422

f 219.923.4466

w www.mhunniford.com

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 audits to obtain reasonable assurance about whether the financial statements are free of 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 evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation 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.

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.

Basis for Qualified Opinion

The Organization has not segregated the value of its real estate holding into separate land and building components. Each component should be valued separately to conform with generally accepted accounting principles. If the real estate were accounted for properly, land and buildings each would have its own value allowing for the depreciation of the building portion over its useful life. This would increase expenses by the calculated depreciation for the buildings annually and decrease book value of building by the amount of accumulated depreciation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Hills Volunteer Fire Department, Inc. as of December 31, 2016 and 2015, and its revenues and expenses and change in net assets and cash flows for the years then ended, on the basis of accounting described in Note 1.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Highland, Indiana
September 25, 2017

LAKE HILLS VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF FINANCIAL POSITION - CASH BASIS
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 162,436	\$ 147,432
Property, equipment and fixtures, net	<u>694,411</u>	<u>615,196</u>
Total assets	<u>\$ 856,847</u>	<u>\$ 762,628</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion long term debt	\$ 16,411	\$ 31,244
Long term debt, less current portion	<u>163,220</u>	<u>195,722</u>
Total liabilities	179,631	226,966
 Net Assets, unrestricted	 <u>677,216</u>	 <u>535,662</u>
Total liabilities and net assets	<u>\$ 856,847</u>	<u>\$ 762,628</u>

LAKE HILLS VOLUNTEER FIRE DEPARTMENT, INC.

**STATEMENTS OF REVENUES AND EXPENSES AND CHANGE IN NET ASSETS -
CASH BASIS**

Years Ended December 31, 2016 and 2015

	2016	2015
REVENUES		
Township draws	\$ 291,063	\$ 281,785
Grants	145,334	-
Ambulance calls	45,394	37,264
Donations and fund raisers	12,822	11,915
Total revenues	494,613	330,964
EXPENSES		
Operating Expenses		
Dispatcher wages	53,556	55,462
Outside serviced ambulance	6,072	2,559
Insurance	49,196	45,897
Payroll taxes	5,741	6,774
Repairs and maintenance	29,173	26,310
Food and banquet	8,104	10,176
First aid supplies	2,726	2,740
Fuel	6,252	6,916
Uniforms	4,051	3,574
Clothing reimbursement	13,025	10,574
Training	6,618	6,520
Equipment and supplies	11,675	2,069
Depreciation - fire equipment	73,540	76,702
Total operating expenses	269,729	256,273
General and Administrative Expenses		
Utilities	7,627	8,489
Telephone	8,341	8,458
Professional fees	9,744	15,652
Office expense	7,323	9,945
Open house	1,950	437
Repairs and maintenance - building	14,935	10,531
Depreciation - building improvements	13,587	14,140
Depreciation - office equipment	1,622	2,270
Miscellaneous	5,597	6,922
Total general and administrative expenses	70,726	76,844
Total expenses	340,455	333,117
OTHER INCOME (EXPENSE)		
Interest income	29	33
Loss on disposal of assets	-	(37,031)
Interest expense	(12,633)	(9,943)
Other expense	-	(1,000)
Total other expense	(12,604)	(47,941)
Increase (decrease) in net assets	\$ 141,554	\$ (50,094)
Net assets, beginning of year	535,662	585,756
Net assets, end of year	\$ 677,216	\$ 535,662

See Notes to Financial Statements

LAKE HILLS VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF CASH FLOWS - CASH BASIS

Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 141,554	\$ (50,094)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	88,749	93,112
Loss on disposal of equipment	-	37,031
Net cash provided by operating activities	<u>230,303</u>	<u>80,049</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(167,964)	(8,536)
Proceeds from sale of property and equipment	-	250
Net cash used in investing activities	<u>(167,964)</u>	<u>(8,286)</u>
Cash Flows from Financing Activities		
Principal payments on installment note, net cash used in financing activities	<u>(47,335)</u>	<u>(30,036)</u>
Net increase in cash	15,004	41,727
Cash and cash equivalents, beginning of year	<u>147,432</u>	<u>105,705</u>
Cash and cash equivalents, end of year	<u>\$ 162,436</u>	<u>\$ 147,432</u>
Supplemental disclosures:		
Cash paid for interest	<u>\$ 12,633</u>	<u>\$ 9,943</u>

LAKE HILLS VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations: Lake Hills Volunteer Fire Department, Inc. (the Organization) is a nonprofit volunteer fire fighting and emergency ambulance unit, which provides fire, emergency medical, and other emergency services to unincorporated St. John Township, Indiana. St. John Township pays Lake Hills a sum agreed to by contract annually to provide these services.

Basis of Accounting: The Organization prepares its financial statements on the cash basis method of accounting. Under this method, revenues are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred. Consequently, all receivables, payables and other liabilities are not included in the financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents: Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash within ninety (90) days of purchases.

Fixed Assets: Fixed assets are carried at cost. Depreciation expense is computed using the straight-line method over the estimated useful life of the assets.

Income Taxes: Lake Hills Volunteer Fire Department, Inc. is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2. Property, Equipment, and Fixtures

As of December 31, 2016 and 2015, property, equipment, and fixtures consist of:

	<u>2016</u>	<u>2015</u>
Buildings and land	\$ 363,406	\$ 363,406
Fire equipment	1,599,365	1,431,402
Office equipment	39,900	39,900
Building improvements	202,966	202,966
	<u>2,205,637</u>	<u>2,037,674</u>
Less accumulated depreciation and amortization	1,511,226	1,422,478
	<u>\$ 694,411</u>	<u>\$ 615,196</u>

LAKE HILLS VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Notes Payable

The following is a summary of notes payable at December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Lease/purchase agreement due in semi-annual installments of \$19,989. Interest at 3.98%.	179,631	226,966
Less: current portion of note payable	<u>(16,411)</u>	<u>(31,244)</u>
Long-term portion of note payable	<u>\$ 163,220</u>	<u>\$ 195,722</u>

The following summarizes long-term debt principal payments by year:

Fiscal year ending December 31, 2017	16,411
2018	33,809
2019	35,170
2020	36,585
2021 and thereafter	<u>57,656</u>
	<u>\$ 179,631</u>

Note 4. Date of Management Evaluation

The Organization has evaluated subsequent events through September 25, 2017, which is the date the financials were available to be issued.

LAKE HILLS VOLUNTEER FIRE DEPARTMENT, INC.

**SUPPLEMENTAL SCHEDULES OF GOVERNMENTAL FUNDS RECEIVED - CASH BASIS
Years Ended December 31, 2016 and 2015**

	2016	2015
Grantors Name: St. John Township		
Program Title: Fire Protection		
Source of Government Funds: State and Local		
Amount Received	\$ 291,063	\$ 281,785
Amount Disbursed	291,063	281,785

Grantors Name: FEMA
Federal Grant Number: EMW-2014-FO-04070
Program Title: Assistance to Firefighters Grant (AFG)
Source of Government Funds: Direct Federal Grant

Amount Received	\$ 145,334	\$ -
Amount Disbursed	145,334	-