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August 18, 2021 e

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, 2020 to December 31, 2020. 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, 2020 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.


Paul D. Joyce, CPA
State Examiner

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

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

DECEMBER 31, 2020

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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, 2020, 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, 2020, 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.

Sackrider & Company, Inc.

Terre Haute, Indiana
August 2, 2021

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

Statement of Cash Balances

January 1, 2020 to December 31, 2020

<u>Fund</u>	<u>Balance January 1, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 2020</u>
Operating fund				
Checking accounts	\$ <u>50,421</u>	\$ <u>2,138,770</u>	\$ <u>2,175,180</u>	\$ <u>14,011</u>
Savings accounts	\$ <u>1,509,079</u>	\$ <u>2,585,763</u>	\$ <u>2,371,825</u>	\$ <u>1,723,017</u>
Certificates of deposit	\$ <u>1,275,331</u>	\$ <u>14,947</u>	\$ <u>-</u>	\$ <u>1,290,278</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, 2020

Cash receipts

Operating fund - checking accounts	
Transfer from operating fund savings account	\$ 2,133,300
Refunds	5,470
	<u>5,470</u>
	<u>\$ 2,138,770</u>
Operating fund - savings account	
Governmental units:	
Fire protection contract	\$ 2,350,000
Training tower reimbursement	150,000
Contributions	3,670
Interest	806
Refunds	12,976
Sale of equipment	24,500
Fire reports	9,501
Grants	34,000
Stock	10
Dan Otey fund	300
	<u>300</u>
	<u>\$ 2,585,763</u>
Operating fund-certificates of deposits	
Interest	\$ 14,947
	<u>\$ 14,947</u>

Cash disbursements

Operating fund - checking account	
Payroll and related expenses	\$ 1,782,649
Utilities	42,514
Insurance	371
Gas and oil	29,033
Fire fighting equipment	156,502
Building improvements and maintenance	44,516
Fire training division	73,055
Fire prevention division	4,049
Accounting and legal fees	42,491
	<u>42,491</u>
	<u>\$ 2,175,180</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, 2020

Cash disbursements - continued

Operating fund - savings accounts	
Transfers to operating fund checking account	\$ 2,133,300
Training tower payments	<u>238,525</u>
	<u>\$ 2,371,825</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, 2020

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 and two certificates of deposit. 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.

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

Notes to Financial Statements - Continued

December 31, 2020

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

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 August 2, 2021, 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.

The Corporation's information returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2020, 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 2020, the Corporation received \$2,350,000 from the Honey Creek Fire Protection District in accordance with the terms of an agreement requiring the Corporation to provide fire protection services in 2020.

During 2020, the Corporation received \$150,000 from the Honey Creek Fire Protection District to reimburse expenses incurred relating to the construction of a new training tower.

Revenue received from the Honey Creek Fire Protection District composed 96% of the Corporation's revenue for the year ended December 31, 2020.

NOTE 4 - 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 2020, the amount of pension expense was \$41,320.

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

Notes to Financial Statements - Continued

December 31, 2020

NOTE 5 - 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, 2020, the operating fund contains \$860 of funds restricted for this purpose.

NOTE 6 - 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 7 - GRANT

The Corporation was the recipient of two grants to purchase equipment and a trailer for \$21,500 and \$12,500, respectively. The grant required the Corporation to purchase the equipment and then submit receipts for reimbursement. The equipment was purchased during 2019 for \$21,500 and \$12,500, and was reimbursed during 2020.

NOTE 8 - FORM E-1 RECONCILIATION

Government funds received during the year per filed E-1	\$ <u>2,350,000</u>
Government funds received during the year per Detailed Schedule of Cash Receipts on page 4	\$ <u>2,500,000</u>
Government funds disbursed during the year per filed E-1	\$ <u>2,413,705</u>
Government funds disbursed during the year per Detailed Schedule of Disbursements on pages 4 and 5:	
From checking account	2,175,180
From savings account	<u>238,525</u>
	\$ <u>2,413,705</u>

The difference of \$150,000 between Government funds received on the previously filed E-1 and the Government funds received per page 4 is due to additional funds received for the construction of a training tower.

NOTE 9 - RISKS AND UNCERTAINTIES

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could impact operating results. However, any related financial impact and duration cannot be reasonably estimated at this time.

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

Notes to Financial Statements - Continued

December 31, 2020

NOTE 10 - TRAINING TOWER CONSTRUCTION

During 2020, the Corporation entered into an agreement for construction of a training tower. The cost of the tower is \$318,000. The Corporation received \$150,000 during 2020 from the Honey Creek Fire Protection District to help pay for the training tower. As of December 31, 2020, \$238,500 has been paid on the construction of the training tower. The tower was completed in May 2021 and the final payment of \$79,500 was made May 26, 2021.