

**LAKEVIEW FIRE PROTECTION DISTRICT, INC.  
LAKE VIEW, ALABAMA**

**DECEMBER 31, 2022**

**DON WALLACE, CPA, PC  
527 MAIN AVENUE, STE. G  
NORTHPORT, AL 35476**

**Lakeview Fire Protection District, Inc.**  
**Lake View, Alabama**  
**Annual Report**  
**December 31, 2022**  
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**DON WALLACE, CPA, PC  
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July 19, 2023

**Independent Auditor's Report**

Mr. Daniel Griffin, President &  
Members of the Board of Directors  
Lakeview Fire Protection District, Inc.  
Lake View, Alabama

**Opinion**

We have audited the accompanying financial statements of Lakeview Fire Protection District, Inc. (a nonprofit entity), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows 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 financial position of Lakeview Fire Protection District, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 the District 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.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 District'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 the District'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.

*Don Wallace CPA*

Don Wallace, CPA, PC  
Certified Public Accountant

## **FINANCIAL STATEMENTS**

**Lakeview Fire Protection District, Inc.**  
**Lake View, Alabama**  
**Statement of Financial Position**  
**December 31, 2022**

ASSETS

Current:

Checking	\$ 116,524	
Savings	75,019	
Dues receivable - current	303,377	
Dues receivable – prior, net	22,197	
Less: Allowance for bad debts	-30,338	
Prepaid expenses	<u>5,923</u>	
Total Current		492,702

Fixed Assets:

Nondepreciable	1,500	
Depreciable assets, net	<u>363,292</u>	
Net Fixed Assets		<u>364,792</u>

Total assets		<u>857,494</u>
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LIABILITIES

Current:

Accounts payable	5,433	
Payroll liabilities	<u>539</u>	
Total current liabilities		5,972

Long-Term:

Notes payable		<u>0</u>
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Total liabilities		5,972
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NET ASSETS

Investment in net capital assets	364,792	
Unrestricted	<u>486,730</u>	
Total net assets		<u>851,522</u>
Total liabilities & net assets		<u>857,494</u>

**Lakeview Fire Protection District, Inc.**  
**Lake View, Alabama**  
**Statement of Revenues, Expenses & Change in Net Assets**  
**Year Ended December 31, 2022**

<u>OPERATING REVENUES</u>		
District assessments	\$ 231,103	
Governmental support	51,601	
Billing services	40,535	
Fundraising, net	6,620	
Recoveries	16,078	
Miscellaneous	<u>16,175</u>	
Total operating revenues		362,112
<u>OPERATING EXPENSES</u>		
Payroll & related taxes	140,402	
Firefighter reimbursements	2,455	
Occupancy (utilities, etc)	20,148	
Insurance	16,949	
Depreciation expense	31,192	
Fuel & oil	11,477	
Vehicle/equipment maintenance	39,042	
Medical supplies	2,783	
Accounting & legal	7,340	
Office & copier	9,820	
Dues & subscriptions	3,602	
Bad debt expense	8,317	
Other	<u>3,539</u>	
Total operating expenses		<u>297,066</u>
Operating income (loss)		65,046
<u>OTHER ITEMS</u>		
Interest revenue		<u>93</u>
Change in net assets		65,139
Net assets- Beginning		741,381
Prior period adjustment (Note 3)		<u>45,002</u>
Net assets- Ending		<u>851,522</u>

**Lakeview Fire Protection District, Inc.**  
**Lake View, Alabama**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

**CASH FLOW FROM OPERATING ACTIVITIES**

Receipts from fire assessments	\$ 231,103	
Receipts of public grants and assistance	51,601	
Other receipts	79,408	
Payments of:		
Payroll, stipends & taxes	-142,857	
Insurance	-16,949	
Fuel, maintenance & supplies	-53,302	
Occupancy expenses	-20,148	
Other District operations	<u>-75,458</u>	
Cash flow from operating activities		53,398

**CASH FLOW FROM INVESTING ACTIVITIES**

Receipts of interest	93	
Purchase of equipment	-43,659	
Proceeds from sale of assets	<u>0</u>	
Cash flow from investing activities		-43,566

**CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds/Repayment of long-term debt		<u>0</u>
Change in cash		9,832
Cash- Beginning		<u>181,711</u>
Cash- Ending		<u>191,543</u>

**RECONCILIATION OF OPERATING INCOME TO CASH FLOW FROM OPERATING ACTIVITIES**

Operating income	\$ 65,046	
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	31,192	
Change in operating assets, less:		
Accounts receivable	-39,392	
Prepaid expenses	3,634	
Inventory	0	
Change in operating liabilities:		
Accounts payable	-7,937	
Payroll taxes and withholdings payable	<u>855</u>	
Cash flows from operating activities		<u>53,398</u>



**Lakeview Fire Protection District, Inc.**  
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**Notes to the Financial Statements**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in the understanding of the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements, as applied to governmental units.

**CORPORATE STRUCTURE**

The Lakeview Fire Protection District, Inc. was incorporated under the laws of the State of Alabama on November 14, 1988. The District's purpose and activities are outlined in its Articles of Incorporation, and "includes but is not limited to the meeting the following objectives: to prevent or to suppress fires in the District's coverage area, to save lives, to aid in disaster, to administer first aid, to promote public safety and to provide such other public safety services and/or emergency assistance to the county or state when called upon to do so." The District's membership consists of property owners that are assessed fees on property lying within the district boundaries.

**BASIS OF ACCOUNTING**

The financial statements of Lakeview Fire Protection District, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**BASIS OF PRESENTATION**

The District presents its financial statements using the three classes of net assets required by FASB ASC (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. Accordingly, net assets and changes therein are classified as: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As of December 31, 2022, the District's assets are all reflected in the unrestricted category, as a business type activity.

**INCOME TAX STATUS**

On February 16, 2016, the District received its tax exempt determination from the Internal Revenue Service, effective December 16, 2015. The stated letter indicated the District is exempt from federal income tax under Section 509 (a)(2) of the Internal Revenue Code as an organization described in Section (c)(3). The letter further states that the Organization is considered a public charity within the meaning of Section 509 (a) of the Code.

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CONTRIBUTED SERVICES & ASSETS

Services

The value of the manpower used in providing the District’s volunteer fire fighting and emergency service efforts has not been recorded within the financial statements. The District’s Board of Directors approved paying volunteer firefighters a stipend reimbursement.

Assets

The District’s Fire Station No. 1 is located at 21289 Phyllis Drive in Lake View. Adjacent to the City of Lake View municipal complex at 22757 Central Park Dr., Lake View, AL 35111 is Station 2.

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.

ACCOUNTS RECEIVABLE

Receivables from the District’s membership are based upon annual assessments which have been voted upon by the membership and enforced by the Organization’s Board of Directors. Annual property assessments are voted upon by the members attending publicly held meetings and are billed annually by the office staff. Doubtful accounts are written –off in the period in which they are deemed to be uncollectible, which approximates the allowance method.

Fire dues receivable and related allowances are as follows:

	<u>12-31-21</u>	<u>12-31-22</u>
Current assessments due	\$230,283	\$303,377
Prior assessments due	48,529	22,197
Less: allowance account	<u>-22,968</u>	<u>-30,338</u>
Total receivables, net	<u>\$255,844</u>	<u>\$295,236</u>

Allowance for doubtful accounts are estimated at 10% of current assessments per the District’s accounts receivable aging summary. Included in receivables are previous assessments due, prior to the 2020 year that the District is evaluating as to accuracy and attempting to collect from current or past owners. As the remaining balance is reduced, any excess collections from prior periods will be classified as bad debt recovery.

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PROPERTY & EQUIPMENT

Land, equipment and the water system are stated at cost or, if donated, fair market value on the date received. Maintenance and repair coats are charged to operation as incurred, while renewals and betterments are capitalized. The costs of assets sold, retired or otherwise dispose of and the related allowance for depreciation is eliminated from the accounts, and any resulting gain or loss is included in operations.

Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which range as follows:

Automotive equipment	5 – 8 years
Fire and medical equipment	5 –10 years
Buildings	40 years

CASH & EQUIVALENTS

For purposes of the Statement of Cash Flows, the District considers all highly liquid investment with a maturity of three months or less when purchased to be cash equivalents.

FAIR VALUE MEASUREMENT

ASC Topic, Fair Value Measurements, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

**NOTE 2: CASH DEPOSITS & LIQUIDITY**

Cash balances with financial institutions as of December 31, 2022 were as follows:

	<u>12-31-21</u>	<u>12-31-22</u>
First US Bank	\$181,711	\$191,543
Landmark Credit Union	0	0
PNC Bank	<u>0</u>	<u>0</u>
Total Cash balances	<u>\$181,711</u>	<u>\$191,543</u>

The District maintains all of its cash deposits in financial institutions which provide FDIC or NCUA coverage, thereby insuring the deposits which are maintained therein. As of December 31, 2022, all deposits were fully covered by FDIC.

The Fire District’s balances as of December 31, 2022, were in excess of 6 months operating reserve. The District plans to continue building reserves in a sufficient manner as to have the ability to address repairs and financing of future fire apparatus to serve the community.

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**NOTE 3: PROPERTY AND EQUIPMENT**

The following is a summary of the changes in property and equipment and accumulated depreciation during the years ended December 31, 2022:

**Schedule of Changes in Capital Assets**  
**Year Ended December 31, 2022**

<u>CAPITAL ASSETS</u>	<u>1/1/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/2022</u>
Land	\$ 1,500	\$ 0	\$ 0	\$ 1,500
Buildings	362,725	14,228	0	376,953
Apparatus & vehicles	949,163	0	0	949,163
Furniture & equipment	330,074	29,431	0	359,505
Total assets, at historical cost	1,643,462	43,659	0	1,687,121
Less: Accumulated depreciation	1,291,137	31,192	0	1,322,329
Capital assets, net	<u>352,325</u>	<u>12,467</u>	<u>0</u>	<u>364,792</u>

During 2022, the District capitalized costs for a new deck and pantheon extrication equipment.

**Prior Period Adjustment:**

A prior period adjustment was made to the ending net assets reported for the previous year, related to adjustments and changes in fixed asset and related accumulated depreciation charged. The effect of the adjustment is considered cumulative in nature and therefore, the effect on the previous year's revenue and expenses are not considered material.

**NOTE 4: LONG-TERM LIABILITIES**

The District had no long-term debt as of December 31, 2022. Neither is the District a participant in the Retirement System of Alabama, therefore there are no long-term liabilities for deferrals and net pension obligations.

**NOTE 5: ANNUAL ASSESSMENTS**

As stated in Note 4, the primary funding for the District comes from its membership. The membership of the District is for the purpose of providing it with a funding base and also the ability to govern itself. It is not used in any manner to qualify or disqualify recipients of the District's fire protection and emergency services.

As of December 31, 2022, the District's membership billing reflected approximately 3,600 property owners. The membership is assessed annual fees based upon minimum lot values and capped at \$75 to support the fire protection and emergency services provided by the District.

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**NOTE 6: GOVERNMENTAL DONATIONS**

During the years ended December 31, 2022, the District was the recipient of annual appropriations made by the Tuscaloosa County Commission. The amounts received from these entities were for the purpose of providing funding to assist with the daily operations of the Organization.

**NOTE 7: INSURANCE**

Insurance coverage for the year was reviewed with the staff and agent handling the insurance for the Board. The District has maintained adequate coverage for all physical properties, as well as liability and employee's insurance coverage.

**NOTE 8: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through July 19, 2023, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

