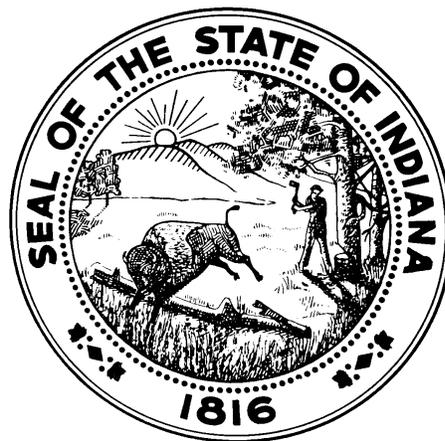


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
SOUTHEAST DAVIESS FIRE PROTECTION DISTRICT
DAVIESS COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/04/2008

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Fiscal Officer	Robert D. Toy Deborah Schwartz	01-01-06 to 03-31-08 04-01-08 to 12-31-08
President of the Board	Roy Raney	01-01-06 to 12-31-08



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE SOUTHEAST DAVIESS FIRE
PROTECTION DISTRICT, DAVIESS COUNTY, INDIANA

We have examined the financial information presented herein of the Southeast Daviess Fire Protection District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

October 20, 2008

SOUTHEAST DAVIESS FIRE PROTECTION DISTRICT
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 51,617	\$ 93,789	\$ 80,716	\$ 64,690
Fire Equipment Escrow	<u>32,585</u>	<u>401</u>	<u>13,728</u>	<u>19,258</u>
Totals	<u>\$ 84,202</u>	<u>\$ 94,190</u>	<u>\$ 94,444</u>	<u>\$ 83,948</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 64,690	\$ 95,627	\$ 83,722	\$ 76,595
Fire Equipment Escrow	<u>19,258</u>	<u>80</u>	<u>12,302</u>	<u>7,036</u>
Totals	<u>\$ 83,948</u>	<u>\$ 95,707</u>	<u>\$ 96,024</u>	<u>\$ 83,631</u>

The accompanying notes are an integral part of the financial information.

SOUTHEAST DAVIESS FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: public safety, and general administrative services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

SOUTHEAST DAVIESS FIRE PROTECTION DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The Fire District has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Fire Equipment	\$ 36,502	\$ 11,365

SOUTHEAST DAVIESS FIRE PROTECTION DISTRICT
EXAMINATION RESULTS AND COMMENTS

FIRE EQUIPMENT ESCROW

In 2005, the Fire District obtained a lease for \$55,000 to be used to purchase fire equipment. The \$55,000 was put directly into an escrow account at Old National Bank. This account is an interest bearing account. When the Fire District wants to purchase equipment, they must fill out a "Payment Request Form" and attach an invoice that matches the amount of the request to the bank. The bank then cuts a check directly to the vendor. Once the entire \$55,000 has been disbursed, the bank will remit to the Fire District a check for the interest earned on the account less a \$250 bank fee. In 2005, 2006, and 2007, interest earned on the account was \$300, \$401, and \$80, respectively. From the escrow account, the bank has made disbursements of \$22,715, \$13,728, and \$12,302 in 2005, 2006, and 2007, respectively. As of December 31, 2007, \$6,255 is available in the escrow account for future purchases of fire equipment. None of the transactions or the balance for this escrow account was posted in the Fire District Records.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

Disbursements, other than proper petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 10)

CAPITAL ASSETS

Information presented for examination did not indicate an inventory or record of capital assets using Form 369, Capital Asset Ledger.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Chapter 16)

SOUTHEAST DAVIESS FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on October 20, 2008, with Deborah Schwartz, Fiscal Officer. The official concurred with our findings.