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July 7, 2009

Board of Directors
Honey Creek Department of Fire
and Rescue Services, Inc.
6553 S. Carlisle St.
Terre Haute, IN 47802

We have reviewed the audit report prepared by Sackrider & Company, Inc., Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Honey Creek Department of Fire and Rescue Services, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

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

**FINANCIAL STATEMENTS AND REPORT
OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS**

DECEMBER 31, 2007

CONTENTS

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1.
FINANCIAL STATEMENTS	
Statement of Cash Balances	2.
Detailed Schedule of Cash Receipts and Disbursements	3.
Notes to Financial Statements	4 -5.

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Sackrider & Company
incorporated

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2007, and the related detailed schedules of cash receipts and disbursements for the year then ended. These schedules are the responsibility of the corporation's management. Our responsibility is to express an opinion on these schedules 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 schedules set forth in the preceding paragraph are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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, 2007 and its cash receipts and disbursements for the year then ended, on the basis of accounting described in Note 1.

Terre Haute, Indiana
June 26, 2008

Sackrider & Company, Inc.

HONEY CREEK DEPARTMENT OF FIRE AND RESCUE SERVICES, INCORPORATED

Statement of Cash Balances

January 1, 2007 to December 31, 2007

<u>Fund</u>	<u>Balance January 1, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 2007</u>
Operating fund				
Checking account	\$ <u>2,034</u>	\$ <u>1,526,365</u>	\$ <u>1,528,321</u>	\$ <u>78</u>
Savings accounts	\$ <u>468,301</u>	\$ <u>1,576,446</u>	\$ <u>1,526,365</u>	\$ <u>518,382</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, 2007

Cash receipts

Operating fund - checking account	
Transfers from operating savings account	\$ <u>1,526,365</u>
Operating fund - savings account	
Governmental units:	
Fire protection contract	\$ 1,357,143
Stormwater lift station maintenance contract	4,147
Contributions & grants	195,918
Interest	9,814
Refunds	4,550
Sale of property	2,323
Fire reports	10
Vending machine receipts	<u>2,541</u>
	\$ <u>1,576,446</u>

Cash disbursements

Operating fund - checking account	
Payroll and related expenses	\$ 1,043,829
Utilities	28,548
Insurance	22,185
Gas and oil	26,337
Fire fighting equipment	258,230
Building improvements and maintenance	78,145
Fire training division	2,508
Fire prevention division	6,173
Accounting and legal fees	8,552
Miscellaneous	2,298
Loan principal	29,190
Loan interest	<u>22,326</u>
	\$ <u>1,528,321</u>
Operating fund - savings account	
Transfers to operating fund checking account	\$ <u>1,526,365</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, 2007

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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 one checking account and two savings accounts. All operating disbursements are accounted for in the checking account. All cash receipts of the Corporation are deposited in the savings accounts 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.

NOTE 2 - BASIS OF ORGANIZATION

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 Corporation is exempt from federal income tax under Internal Revenue Code Section 501(c)(4).

HONEY CREEK DEPARTMENT OF FIRE AND RESCUE SERVICES, INCORPORATED

Notes to Financial Statements - Continued

December 31, 2007

NOTE 3 - DIRECT AND INDIRECT BENEFIT FROM GOVERNMENTAL UNITS

During 2007, the Corporation received \$1,357,143 from the Honey Creek Fire Protection District in accordance with the terms of an agreement requiring the Corporation to provide fire protection services in 2007.

During 2007, the Corporation received \$186,448 from the Honey Creek Fire Protection District to reimburse expenses incurred relating to the purchase of new equipment.

During 2007, the Corporation received \$4,147 from the Honey Creek - Vigo Conservancy District in accordance with the terms of a stormwater lift station maintenance service contract.

NOTE 4 - LONG-TERM OBLIGATIONS

The Honey Creek Department of Fire and Rescue Services, Inc. has long-term obligations consisting of the following at December 31, 2007:

Note payable to bank, due April 11, 2018, payable in 180 monthly payments of \$1,889.17, which includes interest of 5.25%, secured by real estate.	\$ 179,868
Note payable to bank, due April 11, 2018, payable in 180 monthly payments of \$2,403.79, which includes interest of 5.25%, secured by real estate.	<u>222,977</u>
	<u>\$ 402,845</u>

Maturities of long-term obligations over the next five years are:

2008	\$ 30,762
2009	32,444
2010	34,218
2011	36,088
2012	38,061
Thereafter	231,272

NOTE 5 - 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.