

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

LAKE RIDGE FIRE PROTECTION DISTRICT

LAKE COUNTY, INDIANA

January 1, 2007 to December 31, 2010



FILED
10/13/2011

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OFFICIALS

Office

Official

Term

Office Manager

Susan Kelly

01-01-07 to 12-31-11

Chairman of the Board

Juan Flores
Louise Neese

01-01-07 to 12-31-08
01-01-09 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LAKE RIDGE FIRE PROTECTION DISTRICT, LAKE COUNTY, INDIANA

We have examined the financial statements of Lake Ridge Fire Protection District (District), for the period of January 1, 2007 to December 31, 2010. The District's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the District for the years ended December 31, 2007, 2008, 2009, and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's management and the Board of Fire Trustees, and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 7, 2011

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the District. The financial statements and notes are presented as intended by the District.

LAKE RIDGE FIRE PROTECTION DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For The Years Ended December 31, 2007, 2008, 2009, and 2010

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
General	\$ 572,646	\$ 212,236	\$ 389,964	\$ 394,918
Cumulative Fire	<u>107,941</u>	<u>14,372</u>	<u>-</u>	<u>122,313</u>
Totals	<u>\$ 680,587</u>	<u>\$ 226,608</u>	<u>\$ 389,964</u>	<u>\$ 517,231</u>
	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
General	\$ 394,918	\$ 652,091	\$ 409,942	\$ 637,067
Cumulative Fire	<u>122,313</u>	<u>44,709</u>	<u>-</u>	<u>167,022</u>
Totals	<u>\$ 517,231</u>	<u>\$ 696,800</u>	<u>\$ 409,942</u>	<u>\$ 804,089</u>
	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 637,067	\$ 264,021	\$ 440,852	\$ 460,236
Cumulative Fire	<u>167,022</u>	<u>17,909</u>	<u>-</u>	<u>184,931</u>
Totals	<u>\$ 804,089</u>	<u>\$ 281,930</u>	<u>\$ 440,852</u>	<u>\$ 645,167</u>
	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 460,236	\$ 569,019	\$ 420,342	\$ 608,913
Cumulative Fire	<u>184,931</u>	<u>34,593</u>	<u>3,087</u>	<u>216,437</u>
Totals	<u>\$ 645,167</u>	<u>\$ 603,612</u>	<u>\$ 423,429</u>	<u>\$ 825,350</u>

The notes to the financial statements are an integral part of these statements.

LAKE RIDGE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District (primary government), and does not include financial information for any of the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the District (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, property tax replacement credit (local option tax), innkeeper's tax, boat and trailer excise tax, and other taxes that are set by the District.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

LAKE RIDGE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

F. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be 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.

LAKE RIDGE FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statutes authorize 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.

Note 5. Risk Management

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the District by recording as a disbursement and replacement items purchased.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the District's Annual Reports can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The supplementary information presented was prepared and/or approved by management of the District. It is presented as intended by the District.

LAKE RIDGE FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2007

	<u>General</u>	<u>Cumulative Fire</u>	<u>Totals</u>
Cash and investments - beginning	\$ 572,646	\$ 107,941	\$ 680,587
Receipts:			
Taxes	173,725	12,063	185,788
Intergovernmental	33,275	2,309	35,584
Other receipts	<u>5,236</u>	<u>-</u>	<u>5,236</u>
Total receipts	<u>212,236</u>	<u>14,372</u>	<u>226,608</u>
Disbursements:			
Personal services	22,813	-	22,813
Supplies	605	-	605
Other services and charges	351,516	-	351,516
Utility operating expenses	<u>15,030</u>	<u>-</u>	<u>15,030</u>
Total disbursements	<u>389,964</u>	<u>-</u>	<u>389,964</u>
Excess (deficiency) of receipts over disbursements	<u>(177,728)</u>	<u>14,372</u>	<u>(163,356)</u>
Cash and investments - ending	<u>\$ 394,918</u>	<u>\$ 122,313</u>	<u>\$ 517,231</u>

LAKE RIDGE FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2008

	<u>General</u>	<u>Cumulative Fire</u>	<u>Totals</u>
Cash and investments - beginning	\$ 394,918	\$ 122,313	\$ 517,231
Receipts:			
Taxes	612,078	42,135	654,213
Intergovernmental	38,176	2,574	40,750
Other receipts	<u>1,837</u>	<u>-</u>	<u>1,837</u>
Total receipts	<u>652,091</u>	<u>44,709</u>	<u>696,800</u>
Disbursements:			
Personal services	24,083	-	24,083
Supplies	701	-	701
Other services and charges	370,128	-	370,128
Utility operating expenses	<u>15,030</u>	<u>-</u>	<u>15,030</u>
Total disbursements	<u>409,942</u>	<u>-</u>	<u>409,942</u>
Excess (deficiency) of receipts over disbursements	<u>242,149</u>	<u>44,709</u>	<u>286,858</u>
Cash and investments - ending	<u>\$ 637,067</u>	<u>\$ 167,022</u>	<u>\$ 804,089</u>

LAKE RIDGE FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2009

	General	Cumulative Fire	Totals
Cash and investments - beginning	\$ 637,067	\$ 167,022	\$ 804,089
Receipts:			
Taxes	215,745	15,233	230,978
Intergovernmental	47,481	2,676	50,157
Other receipts	795	-	795
Total receipts	264,021	17,909	281,930
Disbursements:			
Personal services	25,283	-	25,283
Supplies	520	-	520
Other services and charges	373,702	-	373,702
Utility operating expenses	41,347	-	41,347
Total disbursements	440,852	-	440,852
Excess (deficiency) of receipts over disbursements	(176,831)	17,909	(158,922)
Cash and investments - ending	\$ 460,236	\$ 184,931	\$ 645,167

LAKE RIDGE FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	<u>General</u>	<u>Cumulative Fire</u>	<u>Totals</u>
Cash and investments - beginning	\$ 460,236	\$ 184,931	\$ 645,167
Receipts:			
Taxes	535,198	32,719	567,917
Intergovernmental	33,384	1,874	35,258
Other receipts	<u>437</u>	<u>-</u>	<u>437</u>
Total receipts	<u>569,019</u>	<u>34,593</u>	<u>603,612</u>
Disbursements:			
Personal services	23,823	-	23,823
Supplies	629	-	629
Other services and charges	371,960	-	371,960
Capital outlay	<u>23,930</u>	<u>3,087</u>	<u>27,017</u>
Total disbursements	<u>420,342</u>	<u>3,087</u>	<u>423,429</u>
Excess (deficiency) of receipts over disbursements	<u>148,677</u>	<u>31,506</u>	<u>180,183</u>
Cash and investments - ending	<u>\$ 608,913</u>	<u>\$ 216,437</u>	<u>\$ 825,350</u>

LAKE RIDGE FIRE PROTECTION DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2011, with Susan Kelly, Office Manager, and Louise Neese, Chairman of the Board of Fire Trustees. Our examination disclosed no material items that warrant comment at this time.