



STATE OF INDIANA
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August 19, 2009

Board of Directors
Lake Ridge Volunteer
Fire Department, Inc.
3955 W. 47th St.
Gary, IN 46408-2649

We have reviewed the audit report prepared by Nykiel, Carlin, Glotzbach & Co., Independent Public Accountants, for the period January 1, 2005 to December 31, 2005. 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 Lake Ridge Volunteer Fire Department, Inc., as of December 31, 2005, 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

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2005

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NYKIEL · CARLIN · GLOTZBACH & CO.

Certified Public Accountants/Business Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lake Ridge Volunteer Fire Department Inc.
Gary, Indiana

We have audited the accompanying statement of assets, liabilities and net assets-modified cash basis of Lake Ridge Volunteer Fire Department, Inc. (a nonprofit organization) as of December 31, 2005, and the related statements of revenue and expense and changes in net assets-modified cash basis, functional expenses-modified cash basis and cash flows-modified cash basis for the year then ended. These financial statements are the responsibility of the Department's management. 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, 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 assets, liabilities and net assets-modified cash basis of the Lake Ridge Volunteer Fire Department, Inc. as of December 31, 2005, and its revenue and expenses and changes in net assets and cash flows - modified cash basis for the year then ended, on the basis of accounting described in Note 1.

Nykiel, Carlin, Glotzbach & Co.

Nykiel, Carlin, Glotzbach & Co.
Scherville, Indiana

June 6, 2006

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF ASSETS, LIABILITIES & NET ASSETS
MODIFIED CASH BASIS
DECEMBER 31, 2005

ASSETS

CURRENT ASSETS

Cash	\$ <u>6,746</u>
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Total Current Assets	<u>6,746</u>
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PROPERTY AND EQUIPMENT

Land	20,000
Equipment	1,188,095
Building & improvements	605,058
Vehicles	55,186
Less accumulated depreciation	<u>(1,455,039)</u>

Total Property and Equipment	<u>413,300</u>
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\$ 420,046

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Payroll taxes payable	
Federal tax withheld	\$ 4,435
State tax withheld	883
SUTA tax payable	504
FUTA tax payable	212
Current portion of obligations under capital leases	<u>55,969</u>

Total Current Liabilities	62,003
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LONG-TERM LIABILITIES

Obligations under capital leases net of current portion	<u>47,160</u>
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Total Liabilities	109,163
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NET ASSETS - unrestricted

	<u>310,883</u>
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\$ 420,046

The accompanying notes to the financial statements are an integral part of this financial statement.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUE AND EXPENSE AND
CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUES, GRANTS AND OTHER SUPPORT	
Fire Protection Services Contract	\$ 241,845
Fire Prevention Grant	19,782
Fundraising income	1,160
Miscellaneous income	<u>2,969</u>
Total Revenues, Grants and Other Support	<u>265,756</u>
PROGRAM AND SUPPORTING SERVICES	
Fire Protection Services	257,172
Fire Prevention	24,372
Management and general	<u>36,092</u>
Total Program and Supporting Services	<u>317,636</u>
CHANGE IN NET ASSETS	(51,880)
NET ASSETS – Beginning of Period	<u>362,763</u>
NET ASSETS – End of Period	<u>\$ 310,883</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>PROGRAM SERVICES</u>		<u>SUPPORTING</u>	<u>Total</u>
	<u>Fire</u>	<u>Fire</u>	<u>SERVICES</u>	
	<u>Protection</u>	<u>Prevention</u>	<u>Management</u>	<u>Expense</u>
	<u>Services</u>		<u>and General</u>	
Salaries	\$ 55,940	\$ -	\$ 20,010	\$ 75,950
Employee benefits	25,400	-	-	25,400
Payroll taxes	<u>5,589</u>	<u>-</u>	<u>2,111</u>	<u>7,700</u>
Total Salaries and Related Expenses	<u>86,929</u>	<u>-</u>	<u>22,121</u>	<u>109,050</u>
Rent and utilities	17,497	-	-	17,497
Radio and pager	717	-	-	717
Accounting and auditing	-	-	11,738	11,738
Materials and supplies	12,475	24,372	-	36,847
Repairs and maintenance	10,371	-	-	10,371
Insurance	29,690	-	-	29,690
Office	-	-	2,233	2,233
Depreciation and amortization	86,199	-	-	86,199
Miscellaneous	4,889	-	-	4,889
Interest	<u>8,405</u>	<u>-</u>	<u>-</u>	<u>8,405</u>
Total	<u>170,243</u>	<u>24,372</u>	<u>13,971</u>	<u>208,586</u>
	<u>\$ 257,172</u>	<u>\$ 24,372</u>	<u>\$ 36,092</u>	<u>\$ 317,636</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

**LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (51,880)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	86,199
Decrease (increase) in operating assets:	
Deposits	12,400
Increase (decrease) in operating liabilities:	
Payroll taxes payable	<u>5,726</u>
Net Cash Provided by Operating Activities	<u>52,445</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>(23,880)</u>
Net Cash Used In Investing Activities	<u>(23,880)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on obligations under capital leases	<u>(52,995)</u>
Net Cash Used In Financing Activities	<u>(52,995)</u>
NET DECREASE IN CASH	(24,430)
CASH – BEGINNING OF PERIOD	<u>31,176</u>
CASH – END OF PERIOD	<u>\$ 6,746</u>
SUPPLEMENTAL INFORMATION:	
Interest paid	<u>\$ 8,405</u>

The accompanying notes to the financial statements are an integral part of this financial statement.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Lake Ridge Volunteer Fire Department, Inc. (the Department) is a not-for-profit organization that engages, without charge, in the work of preventing and extinguishing fires in the homes and buildings situated within the Lake Ridge Fire Prevention District of Gary, Indiana (the District). The District, through funding provided by Lake County of Indiana, is the principal funding source of the Department.

The Department has an annual contract with the District to provide fire protection services. The agreement also provides for, among other things, a maximum amount of pay-per-call revenues to be paid to qualified firefighters.

Basis of Accounting

The Department's policy is to prepare its financial statements on the modified cash basis of accounting. Under that basis, certain revenue is recognized when received rather than when earned, and certain expenses are recognized when paid rather than when incurred. Modifications to the cash basis of accounting include recording depreciation on property and equipment and accruing for payroll taxes. The modified cash basis is a basis of accounting other than generally accepted accounting principles.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Department is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. Accordingly, net assets of the Department and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Department and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that may be maintained permanently by the Department. Generally, the donors of these assets permit the Department to use all or part of the income earned on related investments for general or specific purposes.

Presently, all net assets are classified as unrestricted.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services and Equipment

The contribution of services is recognized if the services received would typically need to be purchased if not provided by donation.

The Organization had no contributed equipment or services for the year ended December 31, 2005.

Donations of equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increase in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Building, vehicle and equipment are recorded at cost, except in the case of donated property, which is recorded at the estimated fair market value at the date of donation. Fixed assets are depreciated using straight-line and accelerated methods over the following useful lives:

Building and improvements	13 to 39 years
Vehicle	5 years
Equipment	7 to 12 years

Capital Leases

The Department is the lessee of equipment under two capital leases expiring in 2006 and 2009. The asset and liability under capital lease are recorded at the present value of the minimum lease payments. The assets are amortized over their estimated productive life. Amortization of the assets under capital lease is included in depreciation expense.

The interest rates on the capital leases are 5.04% and 5.00%. It is imputed on the lessor's implicit rate of return.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Fund-raising Expenses

Total fund-raising expense for the year ended December 31, 2005 was \$977. All fund-raising expenses are related to the annual open house.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Department is organized as a not-for-profit organization under Section 501c(4) of the Internal Revenue Code and is therefore exempt from federal and state income taxes.

NOTE 2 LAKE RIDGE FIRE PROTECTION DISTRICT

The Department's budgeted funds from the District totaled \$231,413 for the year ended December 31, 2005. In addition, the District reimbursed the Department for expenses as follows:

Health and accident insurance	\$ 10,432
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NOTE 3 CAPITALIZED LEASES

The Department leases a rescue unit and three trucks from Municipal Services Group, Inc. The leased equipment is pledged as collateral for the lease agreements.

The Department also leases air packs and other equipment from Mine Safety Appliances Company. Lease payments are due on May 1 and November of each year.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 3 CAPITALIZED LEASES (continued)

Capital lease assets have been included as follows:

Equipment	\$ 732,165
Less: accumulated depreciation	<u>491,919</u>
Total	\$ 240,246

Lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Lease Payments</u>
2006	\$ 61,399
2007	17,282
2008	17,282
2009	<u>17,282</u>
Total minimum lease payments	113,245
Less: Amount representing interest	<u>10,116</u>
Present value of minimum lease payments	103,129
Current portion of minimum lease payments	<u>55,969</u>
Long-term portion of minimum lease payments	\$ <u>47,160</u>

NOTE 4 PENSION PLAN

The Organization maintains a retirement plan covering substantially all firefighters. Contributions are made to the Lake Ridge Volunteer Fire Department Inc. Length of Service Awards Program for the purchase of retirement annuities for qualified firefighters. Total pension expense for the plan year ended June 30, 2005, was approximately \$25,400. Included in this year's expense was a \$12,400 deposit made in a prior year.

NOTE 5 SUBSEQUENT EVENTS

As of February 8, 2006, the Department has been granted a \$178,847 firefighter assistance grant for fire prevention and safety from the United States Department of Homeland Security Agency.

The Department has also been granted a firefighters assistance grant from the United States Homeland Security Agency in the amount of \$49,813 for the 2005 year. Included in these statements are expenditures of \$1,689 for this grant. No proceeds have been received for this grant in 2005.