



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 Joe Krnich & Associates, PC, 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 Lake Ridge Volunteer Fire Department, 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

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2007

TABLE OF CONTENTS

	Page:
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2-3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9
Supplemental Information:	
Program Services Schedule of Expenses	10
Fundraising Schedule of Expenses	11
Supporting Services Schedule of Expenses	12
Report On Internal Control Over Financial Reporting, On Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	13-14

INDEPENDENT AUDITOR'S REPORT

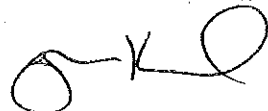
To the Board of Directors of
Lake Ridge Volunteer Fire Department, Inc.

We have audited the accompanying statement of financial position of the Lake Ridge Volunteer Fire Department, Inc. as of December 31, 2007 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization'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 and the standards applicable to financial audits contained in Government Accounting Standards issued by the Comptroller General of the United States. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lake Ridge Volunteer Fire Department, Inc. as of December 31, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2008 on our consideration of the Lake Ridge Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



Crown Point, IN
November 24, 2008

One Vision...
One Passion...
One Goal...

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Lake Ridge Volunteer Fire Department, Inc.
Statement of Financial Position
As of December 31, 2007

ASSETS

CURRENT ASSETS

50-50 Account	\$	275
General Account		11,280
Grant Account		<u>131</u>

Total Current Assets \$ 11,686

FIXED ASSETS

Machinery & Equipment	1,617,851
Buildings & Improvements	610,748
Furniture & Fixtures	1,900
Vehicles	<u>55,186</u>

Total Fixed Assets	2,285,685
Less: Accumulated Depreciation	<u>(1,641,462)</u>

Total Fixed Assets 644,223

OTHER ASSETS

Land	<u>20,000</u>
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Total Other Assets 20,000

TOTAL ASSETS \$ 675,909

See Notes to Financial Statements

Lake Ridge Volunteer Fire Department, Inc.
Statement of Financial Position
As of December 31, 2007

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Fica/FWT Withholding	\$ 4,774
State Withholding	999
SUTA Tax payable	554
FUTA Tax payable	552
Capital Leases-Current	<u>62,604</u>

Total Current Liabilities \$ 69,483

LONG-TERM LIABILITIES

Lease Payable - MSA	16,589
Lease Payable Fire Truck	<u>248,840</u>

Total Long-Term Liabilities 265,429

Total Liabilities 334,912

NET ASSETS UNRESTRICTED 340,997

**TOTAL LIABILITIES AND
NET ASSETS** \$ 675,909

See Notes to Financial Statements

Lake Ridge Volunteer Fire Department, Inc.
Statement of Activities
Year Ended December 31, 2007

Unrestricted Net Assets	
Support	
Fire Protection Services Contract	\$ 274,565
Firefighters Assistance Grants	114,380
Fundraising Income	1,731
Donations	889
Interest Income	450
Miscellaneous Income	<u>4,313</u>
Total Unrestricted Support	396,327
Expenses Program Services	
Program Services	340,720
Fundraising	<u>1,471</u>
Total Expenses-Program Services	342,191
Expenses-Supporting Services	
Management	<u>38,860</u>
Total Expenses-Supporting Services	38,860
Total Expenses	<u>381,051</u>
Increase(Decrease) in	
Unrestricted Net Assets	\$ 15,276
Unrestricted Net Assets	
Beginning of Year	<u>\$ 325,721</u>
Unrestricted Net Assets	
End of Year	<u><u>\$ 340,997</u></u>

See Notes to Financial Statements

Lake Ridge Volunteer Fire Department, Inc.

Statement of Cash Flows

For The Year Ended December 31, 2007

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	\$15,276
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	102,275
Payroll Taxes	(18)
Total Adjustments	<u>102,257</u>
Net Cash Used in Operating Activities	117,533
Cash Flows from Investing Activities	
Purchase of Equipment	<u>(394,990)</u>
Net Cash Used In Investing Activities	(394,990)
Cash Flows from Financing Activities	
New Borrowings	354,888
Principal Payment on Bank Loan	<u>(75,916)</u>
Net Cash Used in Financing Activities	<u>278,972</u>
Net Increase (Decrease) in Cash & Equity	1,515
Cash & Cash Equivalent, Beginning of Year	<u>10,171</u>
Cash & Cash Equivalent, End of Year	<u><u>\$11,686</u></u>

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 revenue 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 the accrual of 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.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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.

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

Property and equipment is capitalized at cost. It is the Department's policy to capitalize expenditures for those items in excess of \$500. Lesser amounts are expensed. Fixed assets are depreciated using straight-line and accelerated methods over the following useful lives:

Building and improvements	13 to 39 years
Vehicles	5 years
Equipment	7-12 years

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 income for the year ended December 31, 2007 was \$1,731, net of \$1,471 of related expenses. All fund-raising expenses are related to the annual open house, and pancake breakfast.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Functional Allocation of Expenses

The directly identifiable expenses are charged to program services, fundraising, and management costs. Other expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Department.

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 \$258,976 for the year ended December 31, 2007. In addition, the District reimbursed the Department for expenses as follows:

Health and accident insurance	\$15,589
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NOTE 3 CAPITALIZED LEASES

The Board of Directors approved the purchase of a new fire engine on September 26, 2006 in the amount of \$310,000. The purchase was financial through a capital lease with annual payments of \$59,148.05, including interest computed at 4.75% through 2012. On March 7, 2007 the first payment was made. As of November 12, 2008 the fire truck had not yet been delivered.

LAKE RIDGE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 4 OPERATING LEASE COMMITMENT

The Department leases space on a radio tower from an unrelated party. The lease terms are for five years from March 1, 2005 to March 1, 2010 and provide for monthly payments of \$295. The lease is cancelable by giving the lessor 60 days written notice. Rent expense for the operating lease for the year ended December 31, 2007 totaled \$3,540 and was paid for by Lake County.

NOTE 5 PENSION PLAN

The Department 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, 2007 was \$13,000.

NOTE 6 GRANT REVENUE AND EXPENSES

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 to develop a program to focus on the special needs of the deaf community including educational videos and the distribution of flashing strobe smoke and carbon monoxide detectors. Grant expenditures received during 2007 for this grant approximately equaled expenditures made for materials, supplies & equipment purchases.

The Department has also been granted a firefighters grant from the United States Homeland Security Agency in the amount of \$60,980 for the purchase of radio equipment, washer extractor & dryer, fire hose, fire hose appliances, and foam training manuals and study guides. Grant revenues received during 2007 for this program were used for the purchase of radios.

The Department is subject to audit and investigation related to contract performance by the Department of Homeland Security. The Department cannot at this time predict whether it will be audited by the Department of Homeland Security. Further, any loss resulting from such audit, if any, cannot be estimated.

SUPPLEMENTAL INFORMATION

Lake Ridge Volunteer Fire Department, Inc.
Program Services Schedule of Expenses
Year Ended December 31, 2007

Salaries-Per Call Services	
Salaries-Pay Per Call	\$ 61,964
Total	<u>61,964</u>
Employee Benefits	
Employee Benefits	13,000
Insurance-Health, Accident & Life	15,589
Medical & Testing	740
Total	<u>29,329</u>
Payroll	
Insurance-Workers Comp	2,944
Taxes - Payroll Per Call	6,329
Total	<u>9,273</u>
Other Expenses	
Depreciation	102,275
Education Expense	859
Fuel	5,355
Insurance-General	16,312
Interest	2,523
Materials & Supplies	89,331
Miscellaneous Expense	1,503
Repairs & Maintenance	9,340
Utilities	12,655
Total	<u>240,154</u>
Total Expenses Program Services	<u><u>\$ 340,720</u></u>

See Notes to Financial Statements

Lake Ridge Volunteer Fire Department, Inc.
Fundraising Schedule of Expenses
Year Ended December 31, 2007

Direct Fundraising Costs	
Fund Raising Expense	\$ 1,471
Total Direct Fundraising Costs	<u>1,471</u>

See Notes to Financial Statements

Lake Ridge Volunteer Fire Department, Inc.
Supporting Services Schedule of Expenses
Year Ended December 31, 2007

Management Costs	
Accounting & Auditing	\$ 10,705
Legal & Professional Services	350
Office Supplies	3,991
Grant Request Expenses	350
Salaries-Management	21,008
Scavenger	660
Taxes - Management	1,796
Total Management Costs	<u>\$ 38,860</u>

See Notes to Financial Statements

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING, ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Lake Ridge Volunteer Fire Department, Inc. (a nonprofit organization) for the year ended December 31, 2007 and have issued our report thereon dated November 24, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

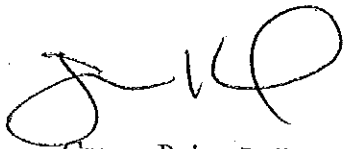
In planning and performing our audit, we considered the Lake Ridge Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to relatively low levels the risk that misstatements, caused by error or fraud in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Ridge Volunteer Fire Department, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Lake Ridge Volunteer Fire Department, Inc. in a separate letter dated November 26, 2008.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'J. K. P.', is written over the typed name and date.

Crown Point, Indiana
November 24, 2008