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February 10, 2010

Board of Directors
Liberty Township Volunteer
Fire Department, Inc.
P.O. Box 2123
Chesterton, IN 46304

We have reviewed the audit report prepared by Ondrovich & 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 Liberty Township 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

Liberty Twp Volunteer Fire Dept Inc.
Independent Auditor's Report and Financial Statements
December 31, 2007 and December 31, 2006

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INDEPENDENT AUDITOR'S REPORT

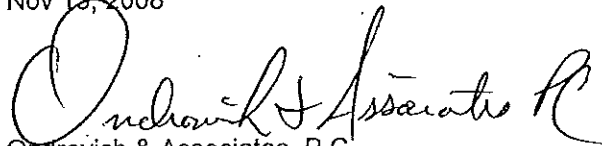
To: Board of Directors
Liberty Twp Volunteer Fire Dept Inc.
Chesterton IN

We have audited the accompanying statement of financial position of Liberty Twp Volunteer Fire Dept Inc. as of December 31, 2007 and December 31, 2006 and the related statements of activities and cash flows 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 generally accepted auditing standards. 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 Liberty Twp Volunteer Fire Dept Inc., as of December 31, 2007 and December 31, 2006 and the results of its operations and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Nov 13, 2008


Ondrovich & Associates, P.C.
Certified Public Accountants

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Liberty Twp Volunteer Fire Dept Inc.
Statement of Financial Position
For the Years Ended December 31, 2007 and December 31, 2006

ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash on hand	\$ 155	\$ 20
Apparatus Fund	5,960	19,320
Equipment Fund	44,626	69,482
Firemans 50/50 Fund	11,203	7,609
General Fund	37,026	99,920
Regular Savings	<u>4,401</u>	<u>4,388</u>
Total Current Assets	<u>103,371</u>	<u>200,739</u>
OTHER CURRENT ASSETS		
Accounts receivable	175	310
Contract Receivable	107,164	0
Prepaid insurance	<u>4,284</u>	<u>5,233</u>
Total Other Current Assets	<u>111,623</u>	<u>5,543</u>
PROPERTY AND EQUIPMENT		
Net Property & Equipment (Note 3)	<u>605,653</u>	<u>682,552</u>
TOTAL ASSETS	<u>\$ 820,647</u>	<u>\$ 888,834</u>

The accompanying notes are an integral part of this statement

Liberty Twp Volunteer Fire Dept Inc.
Statement of Financial Position
For the Years Ended December 31, 2007 and December 31, 2006

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES		
Capital One	\$ 685	\$ 1,274
Total Current Liabilities	685	1,274
LONG-TERM LIABILITIES		
Contract liability	321,929	341,120
Command & Control vehicle	6,552	8,664
Total Long-Term Liabilities	328,481	349,784
Total Liabilities	329,165	351,058
NET ASSETS		
Unrestricted	491,481	537,775
Temporarily Restricted	0	0
Permanently Restricted	0	0
Total Net Assets	491,481	537,775
TOTAL LIABILITIES AND NET ASSETS	\$ 820,647	\$ 888,834

The accompanying notes are an integral part of this statement

Liberty Twp Volunteer Fire Dept Inc.
Statement of Activities
As of December 31, 2007 and 2006

	<u>2007</u>	%	<u>2006</u>	%
<u>Operating Revenues</u>				
Contract revenue	\$ 214,521	82.55	\$ 209,086	79.48
Contributions	33,702	12.97	34,476	13.11
Waterhauling	2,540	0.98	1,880	0.71
Total operating revenues	<u>250,763</u>	<u>96.50</u>	<u>245,442</u>	<u>93.30</u>
<u>Other revenues</u>				
Insurance proceeds	3	0.00	2,674	1.02
Miscellaneous revenues	8,663	3.33	14,247	5.42
Interest income	424	0.16	706	0.27
Total other revenues	<u>9,090</u>	<u>3.50</u>	<u>17,627</u>	<u>6.70</u>
Total revenues	<u>\$ 259,852</u>	<u>100.00</u>	<u>\$ 263,069</u>	<u>100.00</u>
<u>Expenses-program services</u>				
Interest expense	16,527	6.36	15,748	5.99
Insurance	28,148	10.83	34,195	13.00
Repairs and maintenance	103,837	39.96	120,462	45.79
Fuel	10,574	4.07	8,121	3.09
Clothing	6,285	2.42	2,198	0.84
Fireman's compensation & reimbursement	20,361	7.84	18,220	6.93
Fundraising expense	0	0.00	6,104	2.32
Office expenses	2,290	0.88	2,157	0.82
Utilities	9,287	3.57	10,020	3.81
Depreciation	76,899	29.59	86,378	32.83
Professional fees	20,353	7.83	16,071	6.11
Christmas party	2,923	1.12	2,442	0.93
Training	765	0.29	2,805	1.07
Miscellaneous	1,923	0.74	2,942	1.12
Bank service charge	310	0.12	79	0.03
Fire prevention	1,393	0.54	1,789	0.68
Food and beverage	4,274	1.64	2,144	0.82
Total Expenses	<u>306,147</u>	<u>117.82</u>	<u>331,877</u>	<u>126.16</u>
Change in net assets	<u>(46,294)</u>	<u>(17.82)</u>	<u>(68,808)</u>	<u>(26.16)</u>
Unrestricted net assets at beginning of year	<u>\$ 537,775</u>		<u>\$ 606,583</u>	
Unrestricted net assets at end of year	<u>\$ 491,481</u>		<u>\$ 537,775</u>	

The accompanying notes are an integral part of this statement

Liberty Twp Volunteer Fire Dept Inc.
Statement of Cash Flows
For the 1 month Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net change in net assets	\$ (46,294)	\$ (68,808)
Adjustments to reconcile net change in net assets to net		
Depreciation	76,899	86,378
Gain or loss on sale of fixed assets	0	0
(Increase) decrease in assets:		
Accounts Receivable	(107,029)	0
Prepays	949	0
(Decrease) increase in operating liabilities:		
Accounts Payable	(589)	337
Total Adjustments	<u>(29,770)</u>	<u>86,715</u>
Net Cash Provided By (Used in)		
Operating Activities	(76,064)	17,907
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	<u>0</u>	<u>(223,661)</u>
Net Cash Provided By (Used in)		
Investing Activities	0	(223,661)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	0	109,960
Notes Payable Repayments	<u>(21,304)</u>	<u>(14,248)</u>
Net Cash Provided By (Used in)		
Financing Activities	<u>(21,304)</u>	<u>95,713</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,368)	(110,042)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>200,739</u>	<u>310,781</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 103,371</u>	<u>\$ 200,739</u>

The accompanying notes are an integral part of this statement

Liberty Twp Volunteer Fire Dept Inc.
Notes to Financial Statements
December 31, 2007 and December 31, 2006

1. Organization

The Organization is a not-for-profit corporation organized under the laws of the state of Indiana for the purpose of providing fire protection to the citizens of Liberty Township and Jackson Township, located in Porter County, Indiana. The Organization's major source of revenue results from annually renewable contracts with Liberty and Jackson Townships, which requires all monies received from the contracts to be used exclusively for the purpose of acquiring, operating and maintaining its apparatus and equipment to provide fire protection within the Townships.

2. Summary of Significant Accounting Policies

These Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in the United States of America. A summary of Liberty Twp Volunteer Fire Dept Inc.'s accounting policies are as follows:

Inventories:

Inventories are stated at the lower of cost or market, determined by the first-in first-out method.

Net Assets:

Net assets are reported separately for three classifications of net assets, if applicable, as follows: Unrestricted net assets represent net assets that are not restricted by donor-imposed stipulations. Temporarily restricted net assets represent the part of the net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations, (b) from other asset enhancements. Permanently restricted net assets represent the part of the net assets of the Organization resulting (a) from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, (b) from other asset enhancements and diminishment subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

Use of Estimates:

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Areas where estimates are used in the accompanying financial statements include depreciable lives of fixed assets. Actual results could differ from those estimates.

Property, Plant and Equipment:

Property, Plant and equipment are carried at cost. Donated assets are recorded at their fair market values at the date of donation. Depreciation is calculated on the straight-line method over the useful lives of the assets.

Cash & Cash Equivalents:

This account group consists of cash on deposit with financial institutions.

Concentration of Credit Risk:

At December 31, 2007, the Organization had deposits in excess of insurable limits at a financial institution.

Income Taxes:

The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The agency is not classified as a private foundation.

Liberty Twp Volunteer Fire Dept Inc.
Notes to Financial Statements
December 31, 2007 and December 31, 2006

Donated Materials and Services:

Donated materials and services, when received, are reflected as in-kind contributions with an identical amount included in the appropriate functional expense. Donated services are recorded as in-kind contributions and related expense at the time the service is rendered. The value of these services is determined based on the comparable compensation which would be paid to an individual if they were to occupy these positions. Volunteers generously donate time in capacities not requiring specialized skills and, as such, are not recognized in the financial statements.

3. Property and Equipment

Property and Equipment at December 31, 2007 and December 31, 2006 consist of:

	<u>2007</u>		<u>2006</u>
Leasehold improvements	\$ 32,597	\$	32,597
Fire equipment and vehicles	1,833,484		1,833,484
Computer equipment	10,975		10,975
	1,877,056		1,877,056
Accumulated depreciation leasehold improvement	18,091		15,918
Accumulated depreciation fire equipment & vehicles	1,242,338		1,167,612
Accumulated depreciation computer equipment	10,975		10,975
	1,271,404		1,194,505
Net Plant, Property and Equipment	\$ 605,653	\$	682,552

Depreciation of Property and Equipment for the years ended December 31, 2007 and December 31, 2006 were 76,899.00 and 86,377.80 respectively.

As part of the Fire Protection Agreement between Liberty Township Volunteer Fire Department, Inc. (the Department) and Liberty Civil Township of Porter County, Indiana (the Township), the Township gives use, possession and control of certain Township owned vehicles and fire equipment to the Department. The Department agrees to maintain the firehouse at 47 W. 900 N and all fire fighting equipment in good operating condition. Either party of the Fire Protection Agreement can cancel the contract by providing written notice delivered sixty (60) days prior to the effective date of cancellation.