

# MANCHAC VOLUNTEER FIRE DEPARTMENT

## ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/27/11

**PHIL HEBERT**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

**Manchac Volunteer Fire Department  
Manchac, Louisiana  
Annual Financial Statements  
As of and for the Year Ended December 31, 2010**

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MEMBER  
Society of Louisiana  
Certified Public  
Accountants

### **Accountant's Compilation Report**

To the Members  
Manchac Volunteer Fire Department  
Manchac, Louisiana

I have compiled the accompanying statement of financial position of Manchac Volunteer Fire Department (a nonprofit organization) as of December 31, 2010 and the related statements of activities and cash flows for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

I am not independent with respect to Manchac Volunteer Fire Department.

Sincerely,

*Phil Hebert*

Phil Hebert, CPA  
A Professional Accounting Corporation

March 29, 2011

**Manchac Volunteer Fire Department  
Manchac, Louisiana  
Statement of Financial Position -  
Rural Fire District No. 2 Current Restricted Fund**

**December 31, 2010**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 280,496
Due From Fire Protection District No. 2	40,314
Prepaid Insurance	<u>9,819</u>
Total Current Assets	<u>\$ 330,629</u>

**Liabilities and Net Assets**

Current Liabilities:

Accounts Payable	\$ 704
Insurance Payable	<u>2,273</u>
Total Current Liabilities / Total Liabilities	<u>2,977</u>

Net Assets:

Temporarily Restricted	<u>327,652</u>
Total Net Assets	<u>327,652</u>
Total Liabilities and Net Assets	<u>\$ 330,629</u>

The accompanying notes are an integral part of this statement.

**Manchac Volunteer Fire Department  
Manchac, Louisiana  
Statement of Activities -  
Rural Fire District No. 2 Current Restricted Fund**

**For the Year Ended December 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and Revenues</b>			
Fire Protection District No. 2 Contract Fees	\$ -	\$ 170,190	\$ 170,190
Interest	-	335	335
Other	-	1,052	1,052
Total Support and Revenues	<u>-</u>	<u>171,577</u>	<u>171,577</u>
 Net Assets Released From Restrictions			
Restriction Satisfied by Payments	<u>87,601</u>	<u>(87,601)</u>	<u>-</u>
 <b>Program Services</b>			
Accounting	4,298	-	4,298
Debt, Principal	30,000	-	30,000
Debt, Interest	5,456	-	5,456
Dues & Subscriptions	41	-	41
Fuel & Lubricants	1,315	-	1,315
Insurance	13,572	-	13,572
Meetings	359	-	359
Office Supplies	377	-	377
Postage & Delivery	88	-	88
Repairs & Maintenance	11,189	-	11,189
Fire Station Supplies	11,231	-	11,231
Telephone	2,216	-	2,216
Utilities	7,459	-	7,459
Total Program Services	<u>87,601</u>	<u>-</u>	<u>87,601</u>
 <b>Changes in Net Assets</b>	<u>-</u>	<u>83,976</u>	<u>83,976</u>
 <b>Net Assets, Beginning</b>	<u>-</u>	<u>243,676</u>	<u>243,676</u>
<b>Net Assets, Ending</b>	<u>\$ -</u>	<u>\$ 327,652</u>	<u>\$ 327,652</u>

The accompanying notes are an integral part of this statement.

**Manchac Volunteer Fire Department  
 Manchac, Louisiana  
 Statement of Cash Flows -  
 Rural Fire District No. 2 Current Restricted Fund  
 For the Year Ended December 31, 2010**

<b>Cash Flow From Operating Activities</b>	
Changes in Net Assets	\$ 83,976
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities	
Change in Due From Fire Protection District No. 2	50,883
Change in Prepaid Insurance	238
Change in Accounts Payable	(464)
Change in Insurance Payable	43
Net Cash Provided by Operating Activities	<u>134,676</u>
<b>Net Increase in Cash</b>	134,676
<b>Cash, Beginning of Year</b>	145,820
<b>Cash, End of Year</b>	<u>\$ 280,496</u>

The accompanying notes are an integral part of this statement.

**Manchac Volunteer Fire Department**  
**Manchac, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2010**

**Introduction**

The Manchac Volunteer Fire Department (hereinafter referred to as the “Fire Department”) is a nonprofit organization. Its purpose is to operate exclusively as a volunteer fire fighting organization to provide fire protection and emergency response services in Manchac, Louisiana.

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The Fire 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.

**Fund Accounting**

The accounts of the Fire Department are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. Externally restricted funds may only be utilized in accordance with the purposes established by the source of the funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

The accompanying financial statements present financial resources accounted for in the following funds:

The Rural Fire District No. 2 Current Restricted Fund represents revenue and expenses related to the operation of fire protection and emergency responses services in the Manchac area under the terms of an agreement between the Fire Department and the Rural Fire Protection District No. 2 of Tangipahoa Parish.

The accompanying financial statements do not include the assets, liabilities, and net assets and the support, revenue, expenses, capital additions and cash flows reported in any fund other than the Rural Fire District No. 2 Current Restricted Fund. Accordingly, the financial statements being presented are not intended to present the financial position of the Manchac Volunteer Fire Department as of December 31, 2010, or its results of operations or cash flows for the year then ended in conformity with generally accepted accounting principles.

**Restrictions on Net Assets**

Revenues received from Tangipahoa Parish Rural Fire Protection District No. 2 are considered to be temporarily restricted because under the terms of the contract with the Rural Fire Protection District No. 2 of Tangipahoa Parish these funds “shall be expended solely for the purposes of operating, maintaining and /or purchasing of equipment and supplies..and salaries if approved by the Fire District No. 2.”

**Manchac Volunteer Fire Department**  
**Manchac, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2010**

**Support and Revenue**

Support consists primarily of contract payments received from Rural Fire Protection District No. 2 in the form of ad valorem taxes, state revenue sharing funds, and fire insurance rebate funds. The Fire Department receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on a formula contained in the original contract agreed to by all participating fire departments in Tangipahoa Parish. The ad valorem tax allocation is established in January of each year and disbursed by Rural Fire Protection District No. 2 on a quarterly basis. Allocations for the fourth quarter of 2010 are accrued at December 31, 2010. State revenue sharing and fire insurance rebate funds are disbursed to participating fire departments by Rural Fire Protection District No. 2 as the funds become available. As a result, ad valorem taxes and interest income are recognized as income in the period earned. State revenue sharing funds, fire insurance rebate funds, and all other revenue are recognized as income when received.

**Cash and Cash Equivalents**

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Department may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**Statement of Cash Flows**

For the purpose of the statement of cash flows, all investments, if any with a maturity of ninety (90) days or less from the date of purchase are considered to be cash equivalents.

**Contributions**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Manchac Volunteer Fire Department**  
**Manchac, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2010**

**Donated Materials and Facilities**

The Department is allowed use of buildings and fire equipment from Tangipahoa Parish Rural Fire Protection District No.2. All of the Fire Department's program and supporting services are provided by volunteers. No amounts have been included in the financial statements for donated services or facilities since no objective basis is available to measure the value of such services and facilities.

**Income Tax Status**

The Department is classified as a Section 501 ( c ) ( 4 ) organization under the Federal Internal Revenue Code. As a result, it has been determined to be exempt from federal and state income taxes.

**Fair Values of Financial Instruments**

The following methods and assumptions were used by the Fire Department in estimating its fair value disclosures for financial instruments:

Cash, and Cash Equivalents: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

**2. Cash and Cash Equivalents**

At December 31, 2010, the Department had cash and cash equivalents (book balances) totaling \$280,496 as follows:

Demand Deposits	<u>\$ 280,496</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Manchac maintains deposits at two local financial institutions. At December 31, 2010, the Department had \$280,496 in collected bank balances secured by \$280,496 of federal deposit insurance.

**Manchac Volunteer Fire Department**  
**Manchac, Louisiana**  
**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2010**

**3. Receivables**

Receivables include amounts due from Fire Protection District No. 2 at December 31, 2010, and are summarized as follows:

Due From Fire Protection District No. 2	\$ 40,314
Total	<u>\$ 40,314</u>

No allowance for uncollectible accounts is required at December 31, 2010.

**4. Payables**

Payables at December 31, 2010 were as follows:

Accounts Payable	\$ 704
Insurance Payable	<u>2,273</u>
Total	<u>\$ 2,977</u>

**5. Net Assets**

Net assets at December 31, 2010 were as follows:

Temporarily	\$ 327,652
Total	<u>\$ 327,652</u>

**6. Concentrations of Credit Risk**

For the fiscal year ended December 31, 2010, \$170,190, or 99%, of the Department's gross revenues were derived from funding provided by Tangipahoa Parish Rural Fire Protection District No. 2.

**Manchac Volunteer Fire Department  
Manchac, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended December 31, 2010**

**7. Contract with Rural Fire Protection District No.2**

The Tangipahoa Parish Council (the parish governing authority) created Rural Fire Protection District No. 2 of Tangipahoa Parish. The Fire Protection District is funded by an ad valorem tax, state revenue sharing and 2% fire insurance rebate to provide fire protection and emergency response services to the rural areas of Tangipahoa Parish.

The Manchac Volunteer Fire Department entered into an agreement with Rural Fire Protection District No. 2 to provide fire protection and emergency response services in Manchac. Funding is provided by an appropriation from Rural Fire Protection District No. 2. Under the terms of the contract with the Fire Protection District, these funds “shall be expended solely for the purposes of operating, maintaining, and/or purchasing of equipment or supplies and salaries if approved by Rural Fire Protection District No. 2.” Equipment purchased with monies received from Rural Fire Protection District No. 2 remains the property of the Rural Fire Protection District No. 2 and is not recorded in the accompanying financial statements.

**8. Certificate of Indebtedness, Series 2007 B**

On November 20, 2007, Tangipahoa Parish Rural Fire Protection District No. 2 issued \$180,000 of Certificate of Indebtedness Bonds, Series 2007 B at an interest rate of 3.93% to be used by Manchac to purchase a new fire engine. The fire engine remains the property of Tangipahoa Parish Rural Fire Protection District No. 2. Manchac is expected to pay the annual debt service on these certificates of indebtedness bonds from the annual appropriation to be received from the Rural Fire Protection District No. 2. The final payment is due on March 1, 2014.

At December 31, 2010, the balance owed by Rural Fire Protection District No. 2 on the Certificate of Indebtedness, Series 2007B bonds were as follows:

	Balance 12/31/09	Payments	Balance 12/31/10
Certificate of Indebtedness, Series 2007 B	<u>\$ 150,000</u>	<u>\$ 30,000</u>	<u>\$ 120,000</u>

**9. Subsequent Events**

Management has evaluated subsequent events through the date the financial statements were available to be issued, March 29, 2011, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## Supplemental Information

**Manchac Volunteer Fire Department, Inc.**

**Schedule of Prior Year Audit Findings  
For the Year Ended December 31, 2010**

**Section I Internal Control and Compliance Material to The Financial Statements**

**Internal Control**

**2009-1 Form W-9 not on file**

The purpose of the Form W-9 is to obtain the taxpayer's correct identification number to report income paid to individuals who are not incorporated and in some instances payments to corporations. Manchac Volunteer Fire Department did not have completed Forms W-9 on file at December 31, 2009.

I recommend that Form W-9 be completed by vendor's providing a service to the Fire Department.

**Corrective Action Taken:** Management obtained completed W-9 Forms from vendors providing a service to the Fire Department during 2010.

**Resolved**

**Compliance**

**2009-2 Failure to issue Forms 1099**

**Condition:** The Fire Department paid three vendors more than \$600 during the calendar year ending December 31, 2010 for services.

**Corrective Action Taken:** Manchac issued three 1099 Forms for 2010.

**Resolved**

**Section II Internal Control and Compliance Material to Federal Awards**

Not applicable

**Section III Management Letter**

Not applicable

This schedule has been prepared by management.