

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Loranger, Louisiana

ANNUAL FINANCIAL REPORT

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 8-24-11

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

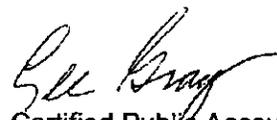
To the Members of the
Loranger Volunteer Fire Department, Inc.
Loranger, Louisiana

I have reviewed the accompanying statement of financial position of Loranger Volunteer Fire Department, Inc. (a nonprofit corporation) as of December 31, 2010, and the related statements of activities and changes in net assets and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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 review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.


Certified Public Accountant

June 28, 2011

BASIC FINANCIAL STATEMENTS

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Financial Position
December 31, 2010

ASSETS

Cash	\$159,040
Receivables - appropriations from Tangipahoa Parish Rural Fire Protection District No. 2	81,353
Grant receivable	<u>6,500</u>
Total Assets	<u>\$246,893</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
Accounts payable	\$ 26,388
Payroll taxes payable	<u>1,765</u>
Total Liabilities	28,153
<u>Net Assets</u>	
Temporarily Restricted	<u>218,740</u>
Total Liabilities and Net Assets	<u>\$246,893</u>

See accompanying notes and independent accountant's review report.

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Activities and Changes
in Net Assets
For the Year Ended December 31, 2010

Temporarily Restricted Net Assets

Support and Revenues

Appropriations from:

Tangipahoa Parish Rural Fire Protection District No. 2	\$ 287,739
Federal Grant	6,500
Interest Income	173
Miscellaneous Income	<u>820</u>

Total temporarily restricted support and revenues 295,232

Expenses (net assets released from restrictions)

Program Services - Fire Protection

Wages and payroll tax expense	93,607
Contract services - Fire District No. 1	3,000
Contract labor - Chief	4,400
Building maintenance and supplies	25,518
Capital outlay	158,402
Equipment maintenance and supplies	36,431
Insurance	40,731
Return of appropriation to Rural Fire Protection District No. 2 for debt service	53,038
Telephone	2,616
Training	6,280
Uniforms	5,426
Utilities	<u>8,674</u>

Total program services 438,123

Support Services

Accounting	6,000
Office supplies	4,359
Professional fees	<u>7,490</u>

Total support services 17,849

Total net assets released from restrictions 455,972

Decrease in temporarily restricted net assets (160,740)

Net Assets, beginning of year 379,480

Net Assets, end of year \$ 218,740

See accompanying notes and independent accountant's review report.

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Cash Flows
For the Year Ended December 31, 2010

Cash flows from operating activities:		
Change in net assets		\$(160,740)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in accounts receivable	\$23,591	
Increase in accounts payable	4,572	
Decrease in payroll taxes payable	<u>(119)</u>	
Total adjustments		<u>28,044</u>
Net cash used by operating activities		<u>(132,696)</u>
Decrease in cash		(132,696)
Cash at beginning of year		<u>291,736</u>
Cash at end of year		<u>\$ 159,040</u>

See accompanying notes and independent accountant's review report.

NOTES TO THE FINANCIAL STATEMENTS

LORANGER VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements
December 31, 2010

INTRODUCTION

The Loranger Volunteer Fire Department, Inc. (Loranger Fire) was incorporated on May 22, 1998, as an association of volunteer firemen serving the Loranger, Louisiana, geographical area. The Loranger Volunteer Fire Department, Inc. is exempt from federal income tax under Section 501 (c) (4) of the Internal Revenue Code. The Loranger Volunteer Fire Department, Inc. is funded, for the most part, by an annual appropriation from the Tangipahoa Parish Rural Fire Protection District No. 2 (Rural Fire Protection District No. 2).

The Rural Fire Protection District No. 2 contracts with the Loranger Fire and nine other fire departments to carry-out its mission of providing fire protection for the entire parish of Tangipahoa, excluding the incorporated municipalities and entire Third Ward in said parish.

Rural Fire Protection District No. 2 receives ad valorem taxes, state revenue sharing, and two percent fire insurance rebated monies and appropriates these monies, along with interest earnings, to the ten individual fire departments in accordance with an annual agreement. The primary responsibility of each fire department is the prevention and termination of fires which pose a threat to life or property within its areas of responsibility. The secondary responsibility is to respond to any and all calls for assistance from any of the other fire departments in Rural Fire Protection District No. 2.

The annual agreement provides, in part, that the appropriation of revenue from Rural Fire Protection District No. 2 be based upon the square miles served by the individual fire departments, the population within the area served, and the number of fire calls received in a given period. The agreement also requires that the individual fire departments expend the appropriations solely for the purpose of operating, maintaining, and/or purchasing equipment and supplies for their fire department, and for approved salaries. The agreement additionally requires the individual fire departments to render quarterly statements of funds received and expended to Rural Fire Protection District No. 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present only the financial activities of Loranger Fire arising from appropriations received from Rural Fire Protection District No. 2, and certain other revenues. The financial statements are not intended to and do not present the financial position and results of operations in conformity with generally accepted accounting principles.

A. 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, Loranger Fire 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.

B. BASIS OF ACCOUNTING

The financial statements of Loranger Fire have been prepared on the accrual basis of accounting.

C. SUPPORT AND REVENUE

Support consists primarily of appropriations received from Rural Fire Protection District No. 2 from ad valorem taxes, state revenue sharing funds, and fire insurance rebate funds received by the District. Loranger Fire receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on formula contained in a contract agreed to by all participating fire departments in Tangipahoa Parish.

D. DEPOSITS AND INVESTMENTS

Cash includes cash amounts in an interest-bearing checking account. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, Loranger Fire may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, Loranger Fire may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Loranger Fire had no investments at December 31, 2010.

E. 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.

F. CONTRIBUTIONS

Loranger Fire has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

G. INCOME TAXES

Loranger Fire is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements.

H. CAPITAL ASSETS

All capital assets used by Loranger Fire are owned by Rural Fire Protection District No. 2. Therefore, there are no capital assets reported in the accompanying financial statements. The equipment used by Loranger Fire has been purchased with funds received from Rural Fire Protection District No. 2.

2. CONCENTRATIONS

Financial instruments which potentially subject Loranger Fire to concentrations of credit risk consist principally of cash held in a checking account. Loranger Fire maintains a checking account which is insured by the FDIC for deposits up to \$250,000. At December 31, 2010, Loranger Fire's insured balance totaled \$161,067. For the month of January 2010, cash held in the bank exceeded the \$250,000 amount insured by the FDIC.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available solely for the purposes of maintaining and operating Fire District No. 2's fire protection facilities, for purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes including charges for fire hydrant rentals and service, and providing emergency services to the residents of Fire District No. 2 in accordance with the annual agreement with Rural Fire District No. 2.

4. RETURN OF APPROPRIATION FOR DEBT SERVICE

A. In 2003, Rural Fire Protection District No. 2 borrowed \$200,000 on Certificate of Indebtedness, Series 2003B to be used by Loranger Fire to construct a new fire station.

There were two certificates of indebtedness issued. Certificate No. R-1 is for \$170,000 between the Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate No. R-2 is for \$30,000 between the Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 2004 through 2013.

There is no contractual agreement that requires the Loranger Fire to repay this indebtedness to the Rural Fire Protection District No. 2. However, the Loranger Fire is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

Loranger Volunteer Fire Department, Inc.
Notes to Financial Statements - concluded

At December 31, 2010, the balances owed by Rural Fire Protection District No. 2 on Certificates of Indebtedness, Series 2003B were as follows:

<u>Series 2003B</u>	<u>Balance 12-31-09</u>	<u>Payments FYE 12-31-10</u>	<u>Balance 12-31-10</u>
Cert. No. R-1	<u>\$87,000</u>	<u>\$21,000</u>	<u>\$66,000</u>
Totals	<u>\$87,000</u>	<u>\$21,000</u>	<u>\$66,000</u>

B. In 2007, Rural Fire Protection District No. 2 borrowed \$240,000 on Certificate of Indebtedness, Series 2007 to be used by Loranger Fire to purchase a new fire truck and consolidate debt.

There were two certificates of indebtedness issued. Certificate No. R-1 is for \$205,000 between Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate No. R-2 is for \$35,000 between Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are secured by and payable solely from an irrevocable pledge and dedication of funds to be derived by the Rural Fire Protection District No. 2 from the levy and collection of a special 10 mills tax authorized to be levied in each of the years 2004 through 2015.

There is no contractual agreement that requires the Loranger Fire to repay this indebtedness to the Rural Fire Protection District No. 2. However, the Loranger Fire is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

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

<u>Series 2007</u>	<u>Balance 12-31-09</u>	<u>Payments FYE 12-31-10</u>	<u>Balance 12-31-10</u>
Cert. No. R-1	<u>\$163,000</u>	<u>\$16,000</u>	<u>\$147,000</u>
Cert. No. R-2	<u>15,000</u>	<u>7,000</u>	<u>8,000</u>
Totals	<u>\$178,000</u>	<u>\$23,000</u>	<u>\$155,000</u>



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Members of the
Loranger Volunteer Fire Department, Inc.
Loranger, Louisiana

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Loranger Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Loranger Volunteer Fire Department's compliance with certain laws and regulations during the year ended December 31, 2010, included in the accompanying Louisiana Attestation Questionnaire and the additional agreed-upon procedures as required by the Legislative Auditor, State of Louisiana for the fiscal year ended December 31, 2010. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Federal Award - a federal grant of \$6,500 was received from the Louisiana Department of Agriculture and Forestry during the current fiscal year.

State Award - No expenditures during fiscal year ended December 31, 2010.

Local Award - Total appropriation from Tangipahoa Parish Rural Fire Protection District No. 2 for the fiscal year ending December 31, 2010, was as follows:

For Fire Protection	\$287,739
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Loranger Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - continued

2. For each federal, state, and local award, randomly select 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements are selected.

Six disbursements were selected for the local award and four disbursements were selected for the federal award. There were only four disbursements for the federal award.

3. For the items selected in procedure 2, trace the disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for all selected disbursements and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure 2, determine if the disbursements were properly coded to the correct fund and general ledger account.

All the selected disbursements were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, determine whether the disbursements received approval from proper authorities.

All selected disbursements received approval from the proper authority.

6. For the items selected in procedure 2: For Federal awards, determine whether the disbursements complied with the applicable specific program compliance requirements summarized in *the Compliance Supplement* (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements complied with the grant agreement.

For the Federal award, I determined that the four disbursements were expended for the purpose of purchasing equipment as required by the Volunteer Fire Assistance grant.

For the Local award, I determined that each of the six selected disbursements were expended for the purposes of operating, maintaining, and/or purchasing equipment and supplies, as required in the 2010 agreement with Tangipahoa Parish Rural Fire Protection District No. 2.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

The amount reported in the close-out report (financial disbursement report) for the Volunteer Fire Assistance grant agreed with the entity's financial records.

Loranger Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures - concluded

Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Loranger Volunteer Fire Department, Inc. posted the required notice of each meeting and the accompanying agenda on the front and side doors of the Loranger Volunteer Fire Department's station at least twenty-four hours in advance of the meeting.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Preparation of a comprehensive budget does not appear to be required in the agreement with Rural Fire Protection District No. 2, or the Volunteer Fire Assistance Grant from the Louisiana Department of Agriculture and Forestry.

Prior Comments and Recommendations

10. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no prior Attestation Findings.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Loranger Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Certified Public Accountant

June 28, 2011

**LOUISIANA
ATTESTATION
QUESTIONNAIRE**

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

May 13, 2011 (Date Transmitted)

Loranger Volunteer Fire Department, Inc.
P.O. Box 349
Loranger, LA 70446
Lee Gray, CPA - Auditor (Auditors)

In connection with your review of our financial statements as of
December 31, 2010, and for the period then ended, and as required by
Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the
following representations to you. We accept full responsibility for our compliance with the
following laws and regulation and the internal controls over compliance with such laws and
regulations. We have evaluated our compliance with the following laws and regulations prior to
making these representations.

These representations are based on the information available to us as of (date of
completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal
year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our
accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of
original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local
programs we administer, to include matters contained in the OMB Compliance Supplement,
matters contained in the grant awards, eligibility requirements, activities allowed and unallowed,
and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

May 13, 2011 Secretary Cindy Maul

May 04, 2011 Treasurer Jimmy W. Husser

May 11, 2011 President Jan Arnold