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Manchac Volunteer Fire Department

Annual Financial Statements

As of and for the Year Ended December 31, 2003

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 9.1.04

**Manchac Volunteer Fire Department
Manchac, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2003**

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TRANSMITTAL LETTER

Annual Financial Statements

June 11, 2004

Office of Legislative Auditor
Attention: Ms. Suzanne Elliott
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Elliott:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for Manchac Volunteer Fire Department as of and for the year ended December 31, 2003. The report includes all funds under the control and authority of the Department. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Sincerely,



Ms. Carmen Reno, Treasurer
Manchac Volunteer Fire Department

Enclosure

Manchac Volunteer Fire Department
Manchac, Louisiana

Annual Sworn Financial Statements as of and for the Year Ended December 31, 2003

AFFIDAVIT

Personally came and appeared before the undersigned authority, Ms. Carmen Reno, Treasurer, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of Manchac Volunteer Fire Department as of December 31, 2003, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

Carmen Reno
Signature

Sworn to and subscribed before me this 30th day of June, 2004.

Malone R. Williams
Notary Public

MALONE R. WILLIAMS
Notary Public, Tangipahoa Parish, LA
My Commission is issued for life
I.D. No. 010544

Officer: Carmen Reno, Treasurer
Address: Post Office Box 20
Manchac, Louisiana 70421
Telephone: (985) 386-8658

Bruce C. Harrell, CPA

Warren A. Wool, CPA

Dale H. Jones, CPA

Charles P. Hebert, CPA

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MEMBERS

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ACCOUNTANT'S COMPILATION REPORT

To the Members

Manchac Volunteer Fire Department

Manchac, Louisiana

We have compiled the accompanying statement of financial position of Manchac Volunteer Fire Department (a nonprofit organization) as of December 31, 2003, and the related statements of activities and cash flows for the year then ended, and the accompanying supplementary information, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to Manchac Volunteer Fire Department.

Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

June 11, 2004

**Manchac Volunteer Fire Department
Manchac, Louisiana
Statement of Financial Position
December 31, 2003**

Assets

Cash	\$ 201,430
Due From Tangipahoa Parish Fire Protection District No. 2	20,803
Total Assets	<u>\$ 222,233</u>

Liabilities and Net Assets

Liabilities:

Accounts Payable	\$ 1,474
Total Liabilities	<u>1,474</u>

Net Assets:

Unrestricted	<u>220,759</u>
Total Net Assets	<u>220,759</u>
Total Liabilities and Net Assets	<u>\$ 222,233</u>

See accompanying notes and accountant's report.

**Manchac Volunteer Fire Department
 Manchac, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2003**

	<u>Unrestricted</u>
Revenues and Public Support	
Tangipahoa Parish Fire Protection District No. 2	\$ 94,918
Interest Income	1,988
Other Income	10,155
Total Revenues and Public Support	107,061
 Expenses	
Accounting	2,200
Capital Expenditures, Equipment	16,710
Capital Expenditures, Building	27,832
Fuel & Lubricants	338
Insurance	1,360
Office Supplies	102
Repairs & Maintenance, Building	2,290
Repairs and Maintenance, Equipment	2,537
Fire Station Supplies	642
Telephone	1,773
Miscellaneous Expense	1,105
Utilities	7,485
Total Expenses	64,374
 Change in Net Assets	42,687
Net Assets, Beginning	178,072
Net Assets, Ending	\$ 220,759

See accompanying notes and accountant's report.

Manchac Volunteer Fire Department
Manchac, Louisiana
Statement of Cash Flows
For the Year Ended December 31, 2003

Cash Flow From Operating Activities

Change in Net Assets	\$ 42,687
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Change in Due From Tangipahoa Parish Fire Protection District No. 2	(3,174)
Change in Accounts Payable	<u>654</u>
Net Cash Provided by Operating Activities	<u>40,167</u>
Net Increase in Cash	40,167
Cash, Beginning of Year	<u>161,263</u>
Cash, End of Year	<u>\$ 201,430</u>

See accompanying notes and accountant's report.

Manchac Volunteer Fire Department
Manchac, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

1. Summary of Significant Accounting Policies

A. Nature of the Organization

Manchac Volunteer Fire Department is a nonprofit organization formed to enter into agreements or contracts with nearby communities to provide fire protection and/or establish mutual aid systems. Manchac Volunteer Fire Department is one of the fire departments located in Tangipahoa Parish that comprise Tangipahoa Parish Fire Protection District No. 2. Tangipahoa Parish Fire Protection District No. 2 was created by the Tangipahoa Parish Council on October 20, 1953. Tangipahoa Parish Fire Protection District No. 2 receives ad valorem taxes, state revenue sharing, and fire insurance rebate monies, which are in turn distributed, along with any interest earned, to the individual fire departments in accordance with an annual service agreement.

B. 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.

C. Basis of Accounting

The financial statements of Manchac Volunteer Fire Department have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include demand deposits, time deposits, and all highly liquid debt instruments with an original maturity of three months or less.

E. Contributions

The Department accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, 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.

**Manchac Volunteer Fire Department
Manchac, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

F. Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

G. 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.

H. Donated Materials and Facilities

The Department is allowed use of buildings and fire equipment from Tangipahoa Parish Fire Protection District No. 2. All assets other than cash are the property of Tangipahoa Parish Fire Protection District No. 2 and/or the Tangipahoa Parish Council.

I. Income Tax Status

The Department is classified as a Section 501 (c)(3) organization under the Federal Internal Revenue Code. As a result, it has been determined to be exempt from federal and state income taxes.

2. Cash and Cash Equivalents

At December 31, 2003, the Department has cash and cash equivalents (book balances) totaling \$201,430 as follows:

Demand Deposits	\$ 178,679
Time Deposits	<u>22,751</u>
	<u>\$ 201,430</u>

Statement of Financial Accounting Standards No. 105 identifies deposits maintained at financial institutions in excess of federally insured limits as a concentration of credit risk requiring disclosure, regardless of the degree of risk. At December 31, 2003, the Department has \$201,430 in collected bank balances secured by \$100,000 of federal deposit insurance. The remaining balance of \$101,430 is not secured. Management believes that the risk is limited because the deposits are maintained in high-quality financial institutions.

3. Receivables

Receivables at December 31, 2003 are as follows:

Due From Tangipahoa Parish Fire Protection District No. 2	\$ 20,803
	<u>\$ 20,803</u>

Manchac Volunteer Fire Department
Manchac, Louisiana
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

4. Payables

Payables at December 31, 2003 are as follows:

Accounts	\$ 1,474
	<u>\$ 1,474</u>

5. Net Assets

Net assets at December 31, 2003 are as follows:

Unrestricted	\$ 220,759
Temporarily Restricted	-
Permanently Restricted	-
	<u>\$ 220,759</u>

6. Donated Services

During the fiscal year ended December 31, 2003, volunteer workers donated their time in support of the District's activities. The value of this contributed time is not reflected in the accompanying financial statements because no objective basis is available to measure its value.

7. Concentrations

For the fiscal year ended December 31, 2003, \$94,918, or 89%, of the Department's gross revenues was derived from funding provided by Tangipahoa Parish Fire Protection District No. 2.

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA • AMITE, LA

John N. Durnin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
Society of Louisiana CPA's

June 25, 2004

Independent Accountants' Report On Applying Agreed-Upon Procedures

To the Board of Commissioners
Manchac Volunteer Fire Department
Post Office Box 20
Manchac, Louisiana 70421

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Manchac Volunteer Fire Department and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Manchac Volunteer Fire Department's compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying *Louisiana Attestation Questionnaire*. 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, we 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.

During the fiscal year ended December 31, 2003, Manchac Volunteer Fire Department did not receive federal financial assistance. State and local assistance received during this fiscal year consisted of Ad Valorem taxes, State Revenue Sharing funds, and State Fire Insurance Rebates, as allocated by Rural Fire Protection District No. 2 of Tangipahoa Parish, Louisiana. Total expenditures incurred by Manchac Volunteer Fire Department in the delivery of fire prevention and control services, totaled \$64,374 for the fiscal year ended December 31, 2003.

2. From the total expenditures of Manchac Volunteer Fire Department, we randomly selected six disbursements.
3. For the items selected in procedure 2, we traced six disbursements to supporting documentation as to proper amount and payee

We examined supporting documentation for each of the six 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, we determined if the six disbursements were properly coded to the correct fund and general ledger account.

All six of the payments were properly coded to the correct fund and general ledger account.

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

Finding:

For FYE 12/31/03, all six disbursements selected received approval from proper authorities. In the prior year inspection of the documentation supporting each of the six selected disbursements indicated that four of the payments received approval from proper authorities and two did not. Checks require two signatures, the accountant and the secretary. Due to illness, the secretary was not able to sign checks. In addition to the six disbursements tested, we noted three transactions totaling \$1,200.00, \$300.00 and \$381.14 payable to cash. Although invoices were on file for prior year continuing repairs and maintenance work, and current year checks made payable to cash appear to be endorsed by the vendors, we were unable to match current expenditures to supporting documentation. In 2003, we noted four checks written to cash, three totaling \$300.00 each and one totaling \$600.00. Of these four checks we were able to match supporting documentation to only two.

Recommendation:

We recommend that all disbursements be properly approved and documented and the board assign another board member to sign checks when the secretary is not available. In addition, we recommend all checks be made payable to vendors only.

Management Response:

The board will implement these recommendations.

6. For the items selected in procedure 2, we determined whether the disbursements were made in accordance with applicable laws and regulations for fire protection services of Manchac Volunteer Fire Department.

All six of the payments were made in accordance with applicable laws and regulations for fire protection services of Manchac Volunteer Fire Department.

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

N/A – See agreed-upon procedure (1) above.

Meetings

8. We examined 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).

Finding:

The Board of Commissioners has stated that they posted written notices of the meetings in the fire station. However, due to illness, the secretary was not able to take minutes at the meetings. Beginning in August 2003 these duties were passed to another party.

Recommendation:

We recommend that the board assign another board member or other party, in the absence of the secretary, to take minutes at the meetings.

Management Response:

The board will assign the duties of taking minutes to another board member or other party, in the absence of the secretary, effective immediately.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined 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.

During the fiscal year ended December 31, 2003, the fire department did not receive any federal, state, or local grants exceeding five thousand dollars. The volunteer fire department is not subject to the budget laws, since the volunteer fire department is a nonprofit organization.

Prior Comments and Recommendations

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

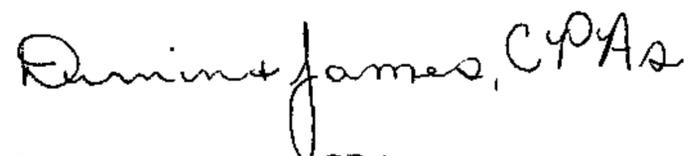
The client's responses to prior year recommendations are included in the current year findings above.

We were 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, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Durnin & James, CPA's P.C.

This report is intended solely for the use of management of the Manchac Volunteer Fire Department and the Legislative Auditor, State of Louisiana, and the applicable state agency/agencies 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs". The signature is written in dark ink and is positioned above the printed name of the firm.

Durnin & James, CPAs
(A Professional Corporation)

LOUISIANA ATTESTATION QUESTIONNAIRE

June 28, 2004 Date

Durnin & James, CPAs,P.C.
401 East Thomas St.
P.O. Box 369
Hammond, Louisiana 70404

Entity: Manchac Volunteer Fire Department
Post Office Box 20
Manchac, Louisiana 70421

In connection with your compilation of our financial statements as of December 31, 2003 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 regulations 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 June 28, 2004.

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.

Note: Financial assistance consists primarily of ad valorem taxes, state revenue sharing, and fire insurance rebates.

Yes(X) No() N/A()

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(X) No() N/A()

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

Yes(X) No() N/A()

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

Yes(X) No() N/A()

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes(X) No() N/A()

LOUISIANA ATTESTATION QUESTIONNAIRE
(continued)

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() N/A(X)

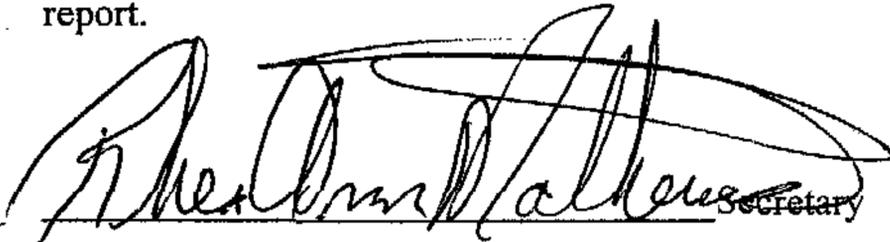
Prior Year Comments

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

Yes() No() N/A(X)

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 which may occur up to the date of your report.


Secretary

6/28/04 Date

Carmen Reno Treasurer

6/28/04 Date

W. Walker President

6/28/04 Date