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HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Husser, Louisiana

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 9-15-04

Anthony B. Baglio, C.P.A., A.P.A.C.
Certified Public Accountants

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Husser, Louisiana

Financial Statements

As of and for the Year Ended
December 31, 2003

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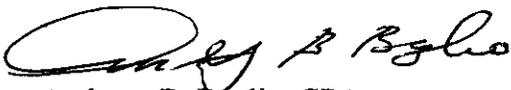
ACCOUNTANT'S COMPILATION REPORT

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

I have compiled the accompanying statement of financial position arising from appropriations and certain other transactions of Husser Volunteer Fire Department, Inc., as of December 31, 2003 and the related statements of activities and changes in net assets and cash flows arising from appropriations and certain other transactions for the year then ended. These financial statements have been compiled in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and have been prepared on a basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

Management has elected to only include those disclosures that pertain to appropriations and certain other transactions.



Anthony B. Baglio, CPA
A Professional Accounting Corporation

August 31, 2004

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Statement of Financial Position Arising From
Appropriations and Certain Other Transactions
December 31, 2003

ASSETS

Current Assets

Cash	\$177,686
Receivables -- appropriations from Tangipahoa Parish Rural Fire Protection District No. 2	40,208
Other Receivables	700
Prepaid Insurance	<u>4,364</u>
Total Current Assets	<u>222,958</u>

TOTAL ASSETS \$222,958

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	<u>1,117</u>
Total Current Liabilities	\$ 1,117

Net Assets

Temporarily restricted	<u>221,841</u>
Total Net Assets	<u>221,841</u>
Total Liabilities and Net Assets	<u><u>\$222,958</u></u>

See accompanying notes and accountant's compilation report.

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

**Statement of Activities and Changes
In Net Assets Arising From
Appropriations and Certain Other Transactions
Year Ended December 31, 2003**

TEMPORARILY RESTRICTED NET ASSETS

Support and Revenues

Appropriations from Tangipahoa Parish Rural Fire Protection District No. 2	\$137,971
Interest	1,624
Insurance Reimbursement	432
Miscellaneous Other Revenues	<u>1,394</u>
Total Temporarily Restricted Support and Revenues	\$141,421

EXPENSES (NET ASSETS RELEASED FROM RESTRICTIONS)

Program Services

Equipment purchased	\$ 66,914
Fees	4,169
Fuel	1,624
Insurance	11,558
Office supplies	790
Other expenses (Medical, postage, uniforms)	4,492
Professional fees	4,300
Repairs and maintenance –	
Building	1,447
Equipment	17,783
Supplies	21,776
Telephone	224
Training	900
Utilities	<u>4,938</u>
Total program services	\$140,915

Return of appropriation to Rural Fire Protection District No. 2 for debt principal and interest	27,413
Total net assets released from restrictions	<u>\$168,328</u>

Decrease in temporarily restricted net assets	(26,907)
Net Assets – at beginning of year	<u>248,748</u>
Net Assets – at end of year	<u>\$221,841</u>

See accompanying notes and accountant's compilation report.

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

**Statement of Cash Flows Arising From
Appropriations and Certain Other Transactions
Year Ended December 31, 2003**

Cash Flows from Operating Activities:	
Decrease in net assets	\$(26,907)
Adjustments to reconcile increase in net assets	
To net cash provided by operating activities:	
(Increase) decrease in operating assets	
Appropriations receivable	20,342
(Increase) decrease in operating liabilities	
Accounts payable	<u>1,071</u>
Net Cash used by Operating Activities	(5,494)
Cash Flow from Investing Activities	<u>- 0 -</u>
Net Decrease in Cash and Cash Equivalents	(5,494)
Cash and Cash Equivalents – beginning of year	<u>183,180</u>
Cash and Cash Equivalents – end of year	<u>\$177,686</u> =====

See accompanying notes and accountant's compilation report.

HUSSER VOLUNTEER FIRE DEPARTMENT, INC.

Notes to Financial Statements Limited to Appropriations and Certain Other Transactions December 31, 2003

INTRODUCTION

The Husser Volunteer Fire Department, Inc. (Husser Fire) was incorporated on October 2, 1997, as an association of volunteer firemen serving the Husser, Louisiana, geographical area. The Husser Volunteer Fire Department, Inc. is exempt from federal income tax under Section 501 (c) (4) of the Internal Revenue Code. The Husser 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 Husser Volunteer Fire Department, Inc. and nine (9) 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 received ad valorem taxes, state revenue sharing, and two (2%) percent fire insurance rebated monies and appropriates these monies, along with interest earnings, to the ten (10) 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. In recent years with the formation of the 911 system in the Parish, the responsibility of the fire department now includes handling certain 911 calls.

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 Husser 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, Husser Fire is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

B. 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. Husser Fire received a percentage of the total funds available to Rural Fire Protection District No. 2 based on the formula contained in a contract agreed to by all participating fire departments in Tangipahoa Parish.

C. CONTRIBUTIONS

Husser 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.

D. CASH AND CASH EQUIVALENT

Cash includes amounts in interest-bearing demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of ninety (90) days or less are considered to be cash equivalents.

Husser Volunteer Fire Department, Inc.
Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions – continued

E. 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 equivalents.

F. FAIR VALUES OF FINANCIAL INSTRUMENTS

Husser Fire's financial instruments, none of which are held for trading purposes, include cash. The following method and assumption used by Husser Fire in estimating its fair value disclosures for financial instruments is:

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

G. PROPERTY AND EQUIPMENT

It is Husser Fire's policy to expense all assets purchased with appropriations from Rural Fire Protection District No. 2 because they are owned by Rural Fire Protection District No. 2 as stated in the contract between Rural Fire Protection District No. 2 and the ten (10) individual fire departments. Fixed assets are expensed at the time of purchase. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Husser Fire reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Husser Fire reclassifies temporarily restricted net assets to unrestricted net assets at that time.

H. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Husser Volunteer Fire Department, Inc.
Notes to Financial Statements Limited to
Appropriations and Certain Other Transactions – continued

2. CASH AND CASH EQUIVALENTS

At December 31, 2003, Husser Fire had cash and cash equivalents totaling \$177,686 as follows:

Operating account	\$106,562
Savings Account	<u>71,124</u>
Total	<u>\$177,686</u>

At December 31, 2003, Husser Fire had \$177,876 in deposits (collected bank balances). These deposits are secured from risk by \$171,124 of federal deposit insurance and \$6,752 uninsured.

3. APPROPRIATIONS FROM LOAN PROCEEDS

In 2001, Rural Fire Protection District No. 2 borrowed \$126,000 on Certificates of Indebtedness, Series 2001A to be used by Husser Fire to purchase a new fire truck.

Two (2) certificates of indebtedness were issued. Certificate No. R-1 is for \$100,000 between Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. Certificate No. R-2 for \$26,000 is between the Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority.

The certificates are collateralized 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 through 2005.

There is no contractual agreement that requires the Husser Fire Department, Inc. to repay this indebtedness to the Rural Fire Protection District No. 2. However, the Husser Volunteer Fire Department, Inc., 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.

Husser Volunteer Fire Department, Inc.
 Notes to Financial Statements Limited to
 Appropriations and Certain Other Transactions – continued

At December 31, 2003, the balances owed by Rural Fire Protection District No. 2 on Certificates of Indebtedness, Series 2001A were as follows:

	Balance <u>12-31-02</u>	Payments <u>FYE 12-31-03</u>	Balance <u>12-31-03</u>
Cert. No. R-1	\$ 77,000	\$24,000	\$53,000
Cert. No. R-2	<u>26,000</u>	<u>- 0 -</u>	<u>26,000</u>
Total	<u>\$103,000</u> =====	<u>\$24,000</u> =====	<u>\$79,000</u> =====

Debt service payments for 2004 will be \$28,100.

4. LEASES

Husser Fire is leasing some property for a nominal lease payment. The detail lease information was not available at the date of this report.

5. DONATED MATERIALS AND SERVICES

Husser Fire records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at the date of receipt.

No amounts have been reflected in the statements for donated services since the information was not available. Nevertheless, a substantial number of volunteers donated significant amounts of their time in Husser Fire's program services.

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

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

I have performed the procedures included in the Louisiana *Governmental Audit Guide* and enumerated below, which were agreed to by the management of Husser Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Husser Volunteer Fire Department, Inc.'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 *Governmental 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 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.

Local Award – Total appropriation from Tangipahoa Parish Rural Fire Protection District No. 2 for the fiscal year ending December 31, 2003, for the fire protection was \$137,971. The expenditures were \$105,812.

Federal Award – On November 26, 2002, a Federal Grant in the amount of \$62,516 was received from the Federal Emergency Management Agency (FEMA). The grant money is to be used to purchase fire and personal protective equipment. No disbursements were made in 2002 but for 2003 disbursements were \$62,516.

Husser Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures – continued

2. Local Award – No disbursements were selected since the supporting documentation (bills) for 2003 were not available. The original bills were given to the ethics board and had not been returned to the Husser Volunteer Fire Department.

For the federal award, I randomly selected six (6) disbursements from the award administered during the period under examination, provided that no more than thirty (30) disbursements are selected.

3. For the items selected in procedure 2, I traced the six (6) disbursements to supporting documentation as to proper amount and payee.

Federal Award – Six (6) disbursements were selected for the federal award. I examined supporting documentation for all selected disbursements and found that payments were for the proper amount and made to the correct payees.

4. For the items selected in procedure 2, I determined the six (6) disbursements were properly coded to the correct fund and general ledger account.

All six (6) disbursements of the federal award funds were coded to the correct fund and general ledger accounts.

5. For the items selected in procedure 2, I determined whether the six (6) disbursements received approval from proper authorities.

All payments were approved by the Members at the monthly meetings.

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.

Federal Award – The FEMA grant of \$62,516 was for the purchase of fire and personal protective equipment.

Husser Volunteer Fire Department, Inc.
Independent Accountant's Report
on Applying Agreed-Upon Procedures – continued

The grant agreement required compliance with the Louisiana Public Bid Law. For the purchase of equipment or materials of \$15,000 or greater you must advertise in your official journal and let by contract to the lowest bidder according to written specifications.

Husser Fire Department did not advertise for bids, but instead solicited telephone quotes for equipment costing \$60,355. This is a violation of the Louisiana Public Bid Law.

Based on copies of quotes furnished for my examination it was difficult to determine who bid on what or who had the lowest price. The minutes did not indicate that all bids were submitted to the members, nor that the lowest bid was accepted.

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

The Federal Award was closed out during the period. No close-out report was available to compare the financial records of the entity to the report.

Meetings

8. I 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).

Husser Volunteer Fire Department, Inc. is required to post a notice of each meeting and the accompanying agenda on the door of the Husser Volunteer Fire Department, Inc.'s station at least twenty-four (24) hours in advance of the meeting.

I examined evidence that such notice was posted.

Husser Volunteer Fire Department, Inc.
Independent Accountant's Report
on Apply Agreed-Upon Procedures – continued

Comprehensive Budget

9. For all grants exceeding Five Thousand and 00/100 (\$5,000.00) 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 objects and measures of performance.

Local Award – Husser Volunteer Fire Department, Inc. did prepare a 2003 budget, however, this does not appear to be required in the agreement with Rural Fire Protection District No. 2.

Federal Award – A budget accompanied the Federal Grant application sent to FEMA.

Prior Comments and Recommendations

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

In the agreed-upon procedures engagement for the year ended December 31, 2002 it was reported that the Husser Volunteer Fire Department, Inc. did not comply with the state bid law for FEMA grant. Management has indicated that they will comply with the state bid laws in the future.

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 Husser Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to 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.



Anthony B. Baglio, CPA
A Professional Accounting Corporation

August 31, 2004

**LOUISIANA
ATTESTATION
QUESTIONNAIRE**

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)
_____ (Date Transmitted)

Anthony B. Baglio, CPA
2011 Rue Simone
Hammond, LA 70422
_____ (Auditors)

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 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 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 LSA-RS 42:1 through 42:12 (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 which may occur up to the date of your report.

<u>Monette Scott</u>	Secretary	<u>Monette Scott</u>	Date	<u>5-11-04</u>
<u>Mickey R. Simpson</u>	Treasurer	<u>Mickey R. Simpson</u>	Date	<u>5-11-04</u>
<u>Josh Morris</u>	President	<u>Josh Morris</u>	Date	<u>5-11-04</u>