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HUSSER VOLUNTEER FIRE DEPARTMENT
AUDIT OF FINANCIAL STATEMENTS
RURAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND
As of and for the Two Years Ended December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 7-28-99

HUSSER VOLUNTEER FIRE DEPARTMENT

AUDIT OF FINANCIAL STATEMENTS

Rural Fire District No. 2 Current Restricted Fund

As of and for the Two Years Ended December 31, 1998

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Durnin & James

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June 8, 1999

INDEPENDENT AUDITOR'S REPORT

To the Officers of
Husser Volunteer Fire Department
Husser, Louisiana

We have audited the accompanying statement of financial position of the Rural Fire District No. 2 Current Restricted Fund of the Husser Volunteer Fire Department (a non-profit organization) as of December 31, 1998, and the related statements of activities and cash flows for the two years then ended. These financial statements are the responsibility of the Fire Department'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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

As explained in Note 1, the financial statements being presented are only for the fund referred to above and do not include the assets, liabilities, and fund balances and the revenue, expenses and capital additions and cash flows of the Husser Volunteer Fire Department that are recorded in its Current Unrestricted Operating Fund and its Equipment Fund. Accordingly, the accompanying financial statements are not intended to present the financial position of Husser Volunteer Fire Department as of December 31, 1998 or its results of operations or cash flows for the two years then ended in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rural Fire District No. 2 Current Restricted Fund of the Husser Volunteer Fire Department as of December 31, 1998, and the results of its operations and cash flows for the two years then ended in conformity with generally accepted accounting principles.

HUSSER VOLUNTEER FIRE DEPARTMENT

In accordance with Government Auditing Standards, we have also issued our report dated June 8, 1999 on our consideration of the Husser Volunteer Fire Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

FINANCIAL STATEMENTS

HUSSER VOLUNTEER FIRE DEPARTMENT
 STATEMENT OF FINANCIAL POSITION -
 RURAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND

December 31, 1998

	<u>1998</u>
ASSETS	
Current Assets:	
Cash	\$107,019
Receivables (Net of allowances for uncollectibles):	
Fire Protection District No. 2 contract fees	<u>14,151</u>
Total Current Assets	<u>121,170</u>
TOTAL ASSETS	<u>\$121,170</u>
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	\$ <u> </u>
Total Current Liabilities	<u> </u>
TOTAL LIABILITIES	\$ <u> </u>
NET ASSETS	
Permanently Restricted	<u>\$121,170</u>
TOTAL NET ASSETS	<u>\$121,170</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$121,170</u>

The accompanying notes are an integral part of this statement.

HUSSER VOLUNTEER FIRE DEPARTMENT

STATEMENT OF ACTIVITIES -
RURAL FIRE DISTRICT NO. 2
CURRENT RESTRICTED FUND

For the Year Ended December 31, 1998

	<u>PERMANENTLY RESTRICTED</u>	
	<u>1998</u>	<u>1997</u>
SUPPORT AND REVENUES:		
Rural Fire District No. 2 Contract Fees:		
Ad valorem taxes	\$ 63,974	\$ 62,542
State revenue sharing	17,386	12,819
Fire insurance premium rebate	5,573	5,253
Interest income	2,949	1,555
Miscellaneous	<u>-</u>	<u>104</u>
TOTAL SUPPORT AND REVENUES	\$ 89,882	\$ 82,273
EXPENSES:		
Program Services - Fire Protection:		
Insurance	\$ 7,092	\$ 3,731
Repairs and maintenance	13,588	22,811
Fire station supplies	4,152	2,721
Fuel	3,777	3,112
Utilities	3,101	2,563
Telephone	2,813	3,508
Other	4,662	7,252
Supporting Services:		
Accounting Fees	<u>-</u>	<u>-</u>
TOTAL EXPENSES	\$ 39,185	\$ 45,698
CHANGE IN NET ASSETS	\$ 50,697	\$ 36,575
NET ASSETS AT BEGINNING OF YEAR	82,199	73,032
Equipment purchased	<u>(11,726)</u>	<u>(27,408)</u>
NET ASSETS AT END OF YEAR	<u>\$121,170</u>	<u>\$ 82,199</u>

The accompanying notes are an integral part of this statement.

HUSSER VOLUNTEER FIRE DEPARTMENT

STATEMENT OF CASH FLOWS - RURAL FIRE DISTRICT NO. 2
CURRENT RESTRICTED FUND

For the Year Ended December 31, 1998

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 50,697	\$ 36,575
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
(Increase) Decrease in Accounts Receivable		
Increase (Decrease) in Accounts Payable	<u>10,907</u>	<u>11,004</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 61,604	\$ 47,579
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment purchased	\$(11,726)	\$(27,408)
NET CASH FLOW FROM INVESTING ACTIVITIES	\$(11,726)	\$(27,408)
NET INCREASE (DECREASE) IN CASH	\$ 49,878	\$ 20,171
CASH AT BEGINNING OF YEAR	<u>57,141</u>	<u>36,970</u>
CASH AT END OF YEAR	<u>\$107,019</u>	<u>\$ 57,141</u>

The accompanying notes are an integral part of this statement.

HUSSER VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years Ended December 31, 1998

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HUSSER VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years Ended December 31, 1998

INTRODUCTION

The Husser Volunteer Fire Department (hereinafter referred to as the "Fire Department") is a Louisiana non-profit organization. Its purpose is to operate exclusively as a volunteer fire-fighting organization to provide fire protection and emergency response services in the Community of Husser and surrounding rural areas. The Fire Department is governed by a board of directors and officers consisting of a chief, a first assistant chief, a second chief, a captain, a second captain and a secretary/treasurer, each of which is elected by the membership. At the present time the Fire Department consists of thirty-two active volunteer firemen. The Fire Department maintains an office and equipment in a fire station in the Husser community.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **BASIS OF PRESENTATION**

The financial statements have been prepared on an accrual basis and in conformity with standards promulgated by the American Institute of Certified Public Accountants in its audit guide Audits of Certain Nonprofit Organizations and its Statement of Position 78-10.

B. **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 contract with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

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

The Rural Fire District No. 2 Current Restricted Fund represents revenue and expenses related to the operation of fire protection and emergency response services in the unincorporated rural areas surrounding the community of Husser 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 fund balance and the support revenue, expenses, and capital additions and cash flows reported in funds 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 Husser Volunteer Fire Department as of December 31, 1998, or its results of operations or cash flows for the year then ended in conformity with generally accepted accounting principles.

HUSSER VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Rural Fire District No. 2 Current Fund is considered 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 Fire District No. 2."

C. SUPPORT AND REVENUE

Support consists primarily of contract payments received from Rural Fire Protection District No. 2 of Tangipahoa Parish 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 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. 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 is 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.

D. CASH

Cash includes interest bearing demand deposits.

E. INCOME TAXES

The Organization is non-profit and exempt from income taxes under Section 501(C)(4) of the Internal Revenue Code. Therefore, no provision is made for income taxes.

F. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash. The following methods and assumptions used by the Organization in estimating its fair value disclosures for financial instruments are:

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

G. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

H. STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

I. FINANCIAL STATEMENT PRESENTATION

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization 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. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization does not use fund accounting.

J. CONTRIBUTIONS

The Organization 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.

2. CASH

Cash at December 31, 1998, consisted of the following:

	<u>1998</u>	<u>1997</u>
Interest Bearing Demand Deposits	\$107,019	\$ 57,141
Total	<u>\$107,019</u>	<u>\$ 57,141</u>

3. RECEIVABLES

Receivables include amounts due from Rural Fire Protection District No. 2 at December 31, 1998, and are summarized as follows:

Due From Rural Fire Protection District No. 2:

	<u>1998</u>	<u>1997</u>
Ad Valorem Taxes	<u>\$ 14,151</u>	<u>\$ 25,057</u>

No allowance for uncollectible accounts is required at December 31, 1998.

4. 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 (District) funded by an ad valorem tax to provide fire protection and emergency response services in the rural areas of the parish. The boundaries of the District include the unincorporated areas of Tangipahoa Parish.

HUSSER VOLUNTEER FIRE DEPARTMENT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Fire Department entered into an agreement with Rural Fire Protection District No. 2 to provide fire protection and emergency response services in the unincorporated rural areas in the community of Husser. Funding is provided by an ad valorem tax and related state revenue sharing.

Under the terms of the contract with the 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 Fire District No. 2." Equipment purchased remains the property of the Fire District and is not recorded in the accompanying financial statements.

5. **DONATED SERVICES AND FACILITIES**

All of the Fire Department's program services are provided by volunteers. No amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services and facilities.

6. **FAIR VALUES OF FINANCIAL INSTRUMENTS**

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	<u>CARRYING</u> <u>AMOUNT</u>	<u>FAIR</u> <u>VALUE</u>
Financial Assets:		
Cash	<u>\$107,019</u>	<u>\$107,019</u>

OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS AND RECOMMENDATIONS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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June 8, 1999

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To The Officers of
Husser Volunteer Fire Department
Husser, Louisiana

We have audited the financial statements of the Husser Volunteer Fire Department (a non-profit organization) for the two years ended December 31, 1998, and have issued our report thereon dated June 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Husser Volunteer Fire Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

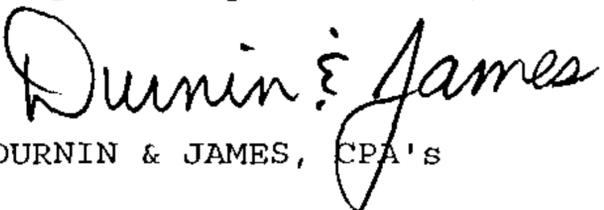
In planning and performing our audit, we considered Husser Volunteer Fire Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements

HUSSER VOLUNTEER FIRE DEPARTMENT

being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the officers, Rural Fire Protection District No. 2 of Tangipahoa Parish and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,


DURNIN & JAMES, CPA'S

FINDINGS AND RECOMMENDATIONS

HUSSER VOLUNTEER FIRE DEPARTMENT

CURRENT YEAR AUDIT FINDINGS

As of and for the Two Years Ended December 31, 1998

None

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

HUSSER VOLUNTEER FIRE DEPARTMENT

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

As of and for the Two Years Ended December 31, 1998

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

HUSSER VOLUNTEER FIRE DEPARTMENT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As of and for the Two Years Ended December 31, 1998

Ref.#	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken	Planned Corrective Action - Partial Corrective Action Taken
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COMPLIANCE

96-1	June 30, 1996	Audit report filed late.	Yes	Engaged CPA timely for subsequent audit.
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INTERNAL CONTROL OVER FINANCIAL REPORTING

96-1	June 30, 1996	For 1995 and 1996 several checks were made payable to "cash".	Yes	For 1997 and 1998, checks were made payable to specific payees other than cash.
96-2	June 30, 1994	Cash receipts and disbursement journals were not maintained.	Yes	For 1997 and 1998, cash receipts and disbursement journals were maintained.
96-3	June 30, 1994	Lack of adequate segregation of duties.	Yes	Require two pre-authorized signatures on all cash disbursements to include the secretary/treasurer and fire chief. Also, fire chief to approve all invoices for payment by signing the face of each invoice.