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**HESSMER VOLUNTEER
FIRE DEPARTMENT, INC.**

Financial Report

Year 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 AUG 23 1999

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KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA
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Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA

234 Rue Beauregard
Lafayette, LA 70508
Phone (318) 232-4141
Fax (318) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (318) 332-4020
Fax (318) 332-2867

133 East Waddi
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (504) 384-2020
Fax (504) 384-3020

408 W. Cotton Street
Villie Platte, LA 70586
Phone (318) 363-2792
Fax (318) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (318) 639-4737
Fax (318) 639-4568

ACCOUNTANTS' REPORT

To the Board of Directors
Hessmer Volunteer Fire Department, Inc.
Hessmer, Louisiana

We have compiled the accompanying statement of financial position of Hessmer Volunteer Fire Department, Inc. (a nonprofit organization), as of December 31, 1998, and the related statements of activities and cash flows for the year then ended, 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.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Marksville, Louisiana
June 25, 1999

FINANCIAL STATEMENTS

HESSMER VOLUNTEER FIRE DEPARTMENT, INC.
Marksville, Louisiana

Statement of Financial Position
(Unaudited)
December 31, 1998

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,614
Accounts receivable	<u>24,958</u>
Total current assets	<u>26,572</u>

Fixed assets:

Building and improvements	78,038
Equipment	238,221
Trucks	<u>114,572</u>
Total fixed assets	430,831
Less: accumulated depreciation	<u>(105,073)</u>
Net fixed assets	<u>325,758</u>

Total assets	<u><u>\$352,330</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Current portion of notes payable	\$ 10,000
Accounts payable	<u>51</u>
Total current liabilities	<u>10,051</u>

Net Assets:

Unrestricted net assets -	
Operations	16,521
Fixed assets	<u>325,758</u>
Total unrestricted net assets	<u>342,279</u>

Total liabilities and net assets	<u><u>\$352,330</u></u>
----------------------------------	-------------------------

See accountants' report.

HESSMER VOLUNTEER FIRE DEPARTMENT, INC.
Marksville, Louisiana

Statement of Activities
(Unaudited)
For the year Ended December 31, 1998

Support and revenue:	
Support	
Contributions	\$ 3,350
Fundraisers, net	3,816
Total support	<u>7,166</u>
Revenue	
Ad valorem taxes	27,172
Grant	811
Total revenue	<u>27,983</u>
 Total support and revenue	 <u>35,149</u>
 Expenses:	
Depreciation	36,044
Training	941
Interest	567
Office	126
Repairs	1,408
Supplies	5,213
Telephone	335
Meeting expense	1,117
Other	1,360
Total expenses	<u>47,111</u>
 Change in net assets	 (11,962)
 Net assets, beginning of year	 <u>354,241</u>
 Net assets, end of year	 <u><u>\$342,279</u></u>

See accountants' report.

HESSMER VOLUNTEER FIRE DEPARTMENT, INC.
Marksville, Louisiana

Statement of Cash Flows
(Unaudited)
For the year Ended December 31, 1998

Cash flows provided for operating activities:	
Change in net assets	<u>\$ (11,962)</u>
Adjustments to reconcile change in net assets to net cash provided for operating activities -	
Depreciation	36,044
Increase in accounts receivable	(2,549)
Increase in accounts payable	<u>(83)</u>
Total adjustments	<u>33,412</u>
Net cash provided for operating activities	<u>21,450</u>
Cash flows from investing activities:	
Purchase of equipment	<u>(35,214)</u>
Cash flows from financing activities:	
Payments on note payable	<u>(10,000)</u>
Net decrease in cash and cash equivalents	(23,764)
Cash and cash equivalents, beginning of year	25,378
Cash and cash equivalents, end of year	<u><u>\$ 1,614</u></u>

See accountants' report.

HESSMER VOLUNTEER FIRE DEPARTMENT, INC.
Marksville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Fire Department

The Hessmer Volunteer Fire Department, Inc. (Fire Department) was incorporated on May 11, 1992 as a nonprofit corporation as defined in Louisiana Revised Statutes of R. S. 1950 Title 12, Chapter 2, as amended. The Fire Department operates under a Board of Directors consisting of a president, vice-president, and secretary-treasurer and are elected on an annual basis. The members of the Hessmer Volunteer Fire Department vote on all matters brought before the Board. The Fire Department serves approximately 3,071 individuals and meetings are held monthly. The following is a summary of certain significant accounting policies.

A. Financial Statement Presentation:

The Fire Department adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Fire Department is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

The Fire Department also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made" in accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In addition, the Fire Department has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

HESSMER VOLUNTEER FIRE DEPARTMENT, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

D. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1st and are due and payable on or before December 31. All unpaid taxes become delinquent January 2 of the following year. The taxes are assessed by the Avoyelles Parish Assessor's Office and collected by the Avoyelles Parish Sheriff's Office. The taxes are then remitted to the Avoyelles Parish Police Jury on behalf of Fire Protection District No. 2. The Fire Department is one of 14 members in this District. After deducting a fee of \$20,000 to defray the expenses of the Board of Commissioners of the Fire Protection District, each member is guaranteed a base amount of \$10,000. Any remaining funds are distributed to the members on a basis of population served.

E. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

F. Fixed Assets

Fixed assets acquired by the Fire Department are considered to be owned by it.

The Fire Department follows the practice of capitalizing, at cost, all expenditures for fixed assets. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Building and improvements	40 years
Furniture and equipment	10 years
Vehicles	10 years

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

HESSMER VOLUNTEER FIRE DEPARTMENT, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

(2) Deposits and Investments

Deposits

At year end, the carrying amount of the Fire Department's deposits were \$1,614 and the bank balance was \$3,278. Of the bank balance, \$3,278 was covered by federal depository insurance. Of this amount, \$244 was tax monies which is restricted to be expended on fire equipment and supplies.

Certificates of Deposit

The Corporation had no Certificates of Deposit at December 31, 1998.

(3) Accounts Receivable

The Billed receivable balance at December 31, 1998 of \$24,958 consisted of property taxes due from the Fire Protection District No. 2.

(4) Fixed Assets

A summary of changes in Property, Plant and Equipment are as follows:

	Balance 12/31/97	Additions	Deletions	Balance 12/31/98
Land and buildings	\$ 63,482	\$14,556	\$ -	\$ 78,038
Equipment	222,135	16,087	-	238,222
Trucks	110,000	4,572	-	114,572
	\$395,617	\$35,215	\$ -	\$430,832

(5) Changes in Long-term Debt

The following is a summary of note transactions of the Fire Department for the year ended December 31, 1998:

Notes payable at 12/31/97	\$ 20,000
Debt issued	-
Principal payments	(10,000)
Notes payable at 12/31/98	\$ 10,000

HESSMER VOLUNTEER FIRE DEPARTMENT, INC.
Marksville, Louisiana

Notes to Financial Statements (Continued)

Notes payable (current and long-term portions) are financed with the Hibernia Bank, Alexandria, Louisiana.

Notes payable at December 31, 1998 consist of the following individual liability:

\$20,000 unsecured note, dated December 18, 1997, bearing interest at 8.247% per annum. Final maturity date March 1, 1999. Annual payments of \$10,567.	<u>\$ 10,000</u>
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The annual requirements to amortize all notes outstanding at December 31, 1998 are as follow:

Period Ending December 31,	Principal	Interest	Total
1999	<u>\$ 10,000</u>	<u>\$ 567</u>	<u>\$ 10,567</u>

(6) Retirement Commitments

Individuals who serve the Fire Department are volunteers, therefore, there is no liability for retirement benefits.

(7) Commitments and Contingencies

As of December 31, 1998 there were no lawsuits against the Fire Department.

SUPPLEMENTAL INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Hessmer Volunteer Fire Department, Inc.
Hessmer, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Hessmer Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Hessmer Volunteer Fire Department, Inc.'s compliance with certain laws and regulations during the year ended December 31, 1998 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedure engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. 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 of for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of management as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list. All individuals who serve the Fire Department are volunteers, therefore there are no employees.

3. Obtain from management a listing of all employees paid during the period under examination.

The Fire Department has no employees. All individuals who serve the Fire Department are volunteers.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (30 were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

The Fire Department has no employees. All individuals who serve the Fire Department are volunteers.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Hessmer Volunteer Fire Department, Inc. is not required to adopt a budget.

6. Trace the budget adoption and amendments to the published advertisement in the official journal.

Hessmer Volunteer Fire Department, Inc. is not required to adopt a budget.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

Hessmer Volunteer Fire Department, Inc. is not required to adopt a budget.

Accounting and Reporting

8. Randomly select 10 disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the ten selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account; and

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

- c. determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the ten selected disbursements indicated approval from the proper authorities.

- 9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no proceeds from bank loans, bonds like indebtedness.

- 10. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

There were no such records to examine.

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.

This report is intended solely for the use of management of the Hessmer 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.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Marksville, Louisiana
June 25, 1999

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Hessmer Volunteer Fire Department.
Hessmer, LA

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

June 25, 1999 (Date Transmitted)

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants
P.O. Box 531
Marksville, LA 71351 (Auditors)

In connection with your compilation of our financial statements as of [date] and for the year 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/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

N/A

Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

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 foregoing 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 acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Janelle G. Smith</u>	Secretary	<u>6/25/99</u>	Date
<u>Edward D. Duv...</u>	Treasurer	<u>6/25/99</u>	Date
<u>Robert J. ...</u>	President	<u>6/25/99</u>	Date