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HAMMOND RURAL FIRE DEPARTMENT

Hammond, 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 9.8.04

HAMMOND RURAL FIRE DEPARTMENT

Hammond, 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
Hammond Rural Fire Department
Hammond, Louisiana

I have compiled the accompanying statement of financial position arising from appropriations and certain other transactions of Hammond Rural Fire Department (a nonprofit corporation) 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 which pertain to appropriations and certain other transactions.

Certified Public Accountant

July 8, 2004

HAMMOND RURAL FIRE DEPARTMENT

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

ASSETS

Cash	\$287,218
Receivables - appropriations from Tangipahoa Parish Rural Fire Protection District No. 2	128,665
Other receivable	<u>6,143</u>
Total Assets	<u>\$422,026</u>

LIABILITIES AND NET ASSETS

<u>Liabilities</u>	
Accounts payable	\$ 6,594
Municipal reimbursement payable	43,750
Due to employees	2,748
Payroll taxes payable	<u>905</u>
Total Liabilities	53,997
<u>Net Assets</u>	
Temporarily Restricted	<u>368,029</u>
Total Liabilities and Net Assets	<u>\$422,026</u>

See accompanying notes and accountant's report.

HAMMOND RURAL FIRE DEPARTMENT

Statement of Activities and Changes
in Net Assets Arising From
Appropriations and Certain Other Transactions
For the Year Ended December 31, 2003

Temporarily Restricted Net Assets

Support and Revenues

Appropriations from:

Tangipahoa Parish Rural Fire Protection District No. 2	\$266,506
Interest Income	<u>3,814</u>

Total Temporarily Restricted Support and Revenues	<u>270,320</u>
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Expenses (net assets released from restrictions)

Program Services - Fire Protection

Salaries	65,154
Payroll taxes	5,223
Building maintenance and supplies	9,932
Capital outlay	178,901
Equipment maintenance and supplies	37,154
Insurance	13,402
Return of appropriation to Rural Fire Protection District No. 2 for debt service	14,183
Telephone	1,254
Utilities	6,566
Other	<u>4,844</u>

Total program services	<u>336,613</u>
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Support Services

Salaries	4,338
Payroll taxes	<u>347</u>

Total support services	<u>4,685</u>
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Total net assets released from restrictions	<u>341,298</u>
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Decrease in temporarily restricted net assets	(70,978)
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Net Assets, beginning of year	<u>439,007</u>
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Net Assets, end of year	<u>\$368,029</u>
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See accompanying notes and accountant's report.

HAMMOND RURAL FIRE DEPARTMENT

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

Cash flows from operating activities:		
Change in net assets		\$ (70,978)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Decrease in accounts receivable	\$84,777	
(Increase) in other receivable	(6,143)	
Increase in accounts payable	513	
(Decrease) in municipal reimbursement payable	(33,750)	
(Decrease) in payroll taxes payable	(2,513)	
Increase in due to employees	<u>2,748</u>	
Total adjustments		<u>45,632</u>
Net cash (used) by operating activities		<u>(25,346)</u>
Decrease in cash		(25,346)
Cash at beginning of year		<u>312,564</u>
Cash at end of year		<u>\$287,218</u>

See accompanying notes and accountant's report.

HAMMOND RURAL FIRE DEPARTMENT

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

BACKGROUND INFORMATION

The Hammond Rural Fire Department (Hammond Fire) is a Louisiana nonprofit corporation incorporated on June 8, 1992, as an association of volunteer firemen serving the Hammond, Louisiana, geographical area. The initial name of the corporation was the Hammond Volunteer Fire Department; on January 10, 2003, the corporate name was changed to Hammond Rural Fire Department. The Hammond Rural Fire Department received notice of its exemption from federal income tax under Section 501 (c) (4) of the Internal Revenue Code on May 11, 2004. The Hammond Rural Fire Department is primarily funded 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 Hammond Rural Fire Department and nine other fire departments to fulfill 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements present only the financial activities of Hammond 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, Hammond 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.

Hammond Rural Fire Department
Notes to Financial Statements limited to
Appropriations and Certain Other Transactions - continued

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. Hammond 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.

C. CASH AND CASH EQUIVALENTS

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

D. 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.

E. CONTRIBUTIONS

Hammond 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.

OTHER RECEIVABLE

The other receivable of \$6,143 is due from the Firefighters' Retirement System for 2003 employer and employee contributions. Only employees of a parish municipality, or fire protection district are eligible to become members of the Firefighters' Retirement System; since Hammond Fire is a nonprofit corporation, its employees are not eligible.

The employee contributions will be refunded to the employees by Hammond Fire.

FIXED ASSETS

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

Hammond Rural Fire Department
Notes to Financial Statements limited to
Appropriations and Certain Other Transactions - concluded

APPROPRIATIONS FROM RURAL FIRE PROTECTION DISTRICT NO. 2

An amendment to the 2003 contract between Hammond Fire and Rural Fire Protection District No. 2 includes an agreement that Rural Fire Protection District No. 2 will pay the City of Hammond \$175,000 annually in return for the use of the City of Hammond's equipment and manpower to fight fires and handle emergencies within the Hammond Fire's zone of responsibility.

This \$175,000 was inadvertently paid by the City of Hammond to Hammond Fire rather than by Rural Fire Protection District No. 2.

The appropriations of \$266,506 reported in the accompanying Statement of Activities and Changes in Net Assets Arising From Appropriations and Certain Other Transactions for the year ended December 31, 2003, are comprised of the following:

Appropriations from Rural Fire Protection District No. 2	\$441,506
Municipal reimbursement to City of Hammond	<u>(175,000)</u>
Net appropriations	<u>\$266,506</u>

APPROPRIATIONS FROM LOAN PROCEEDS

In 2001, Rural Fire Protection District No. 2 borrowed \$70,000 on Certificates of Indebtedness, Series 2001 to be used by Hammond Fire to purchase a new fire truck.

There were two certificates of indebtedness issued. One certificate is for \$55,000 between the Rural Fire Protection District No. 2 and Hancock Bank of Louisiana. The other certificate is for \$15,000 between the Rural Fire Protection District No. 2 and the Louisiana Public Facilities Authority (LPFA).

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 1998 through 2005.

There is no contractual agreement that requires the Hammond Fire to repay this indebtedness to the Rural Fire Protection District No. 2. However, the Hammond 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, 2003, the balances owed by Rural Fire Protection District No. 2 on Certificates of Indebtedness, Series 2001 were as follows:

	<u>Balance 12-31-02</u>	<u>Payments FYE 12-31-03</u>	<u>Balance 12-31-03</u>
Series 2001 - Hancock	\$43,000	\$13,000	\$30,000
Series 2001 - LPFA	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Totals	<u>\$58,000</u>	<u>\$13,000</u>	<u>\$45,000</u>



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

To the Members of the
Hammond Rural Fire Department
Hammond, Louisiana

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Hammond Rural Fire Department (a nonprofit corporation) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Hammond Rural 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, 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.

Local Award - Total appropriation from Tangipahoa Parish Rural Fire Protection District No. 2 for the fiscal year ending December 31, 2003, was as follows:

For Fire Protection	\$266,506
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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.

3. For the items selected in procedure 2, trace the six 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.

Hammond Rural Fire Department
Independent Accountant's Report
on Applying Agreed-Upon Procedures - continued

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

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

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

The invoices supporting all selected disbursements contained the signature of the corporate president.

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.

There were no Federal awards.

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, and additionally for salaries if approved by Fire District No. 2, as required in the 2003 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.

There were no close-out reports for awards during the period.

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).

Hammond Rural Fire Department is required to post a notice of each meeting and the accompanying agenda on the door of the Hammond Rural Fire Department's station at least twenty-four hours in advance of the meeting.

There were no meetings held in 2003.

Hammond Rural Fire Department
Independent Accountant's Report
on Applying Agreed-Upon Procedures - concluded

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.

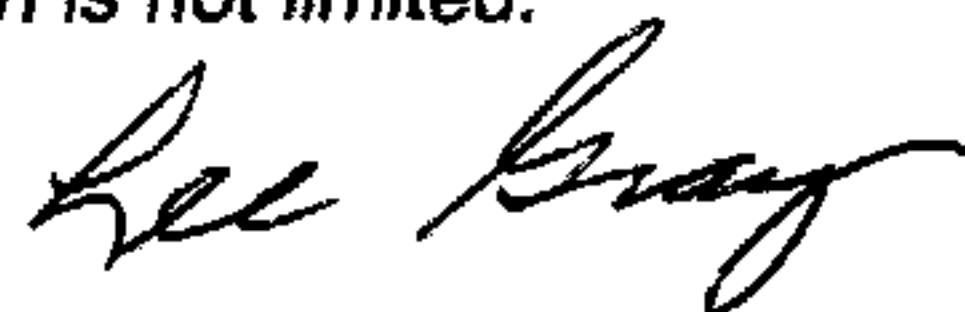
Prior Comments and Recommendations

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 Hammond Rural Fire Department 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

July 8, 2004

**LOUISIANA
ATTESTATION
QUESTIONNAIRE**

Hammond Rural Fire Department
P. O. Box 1595
Hammond, LA 70404-1595

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

6/8/04 (Date Transmitted)

Lee Gray, CPA
P. O. Box 368
Amite, LA 70422

In connection with your compilation of our financial statements as of December 31, 2003, 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 6/8/04.

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>Margaret Bankston</u>	Secretary	<u>Margaret Bankston</u>	Date	<u>6/8/04</u>
<u>Margaret Bankston</u>	Treasurer	<u>Margaret Bankston</u>	Date	<u>6/8/04</u>
<u>PAUL COLLURA</u>	President	<u>Paul Collura</u>	Date	<u>6/8/04</u>