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DAVID CROCKETT STEAM VOLUNTEER
FIRE COMPANY NUMBER ONE
OPERATIONS FUND
FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 1997

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the public, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the Boston Finance Office of the Legislative Auditor and, when appropriate, at the office of the parish clerk of court.

SEP 16 1998

Release Date: _____

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EDWARD L. CAMNETAR, JR.

A Professional Accounting Corporation
94 Westbank Expressway, Suite B, Gretna, LA 70053
(504) 362-2544 FAX (504) 362-2663

INDEPENDENT AUDITORS REPORT

To the Board of Directors
David Crockett Steam Volunteer Fire Company Number One

We have audited the accompanying financial statements of the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One (a non-profit organization) as of and for the year ended December 31, 1997. These financial statements are the responsibility of the Organization'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.

The fixed assets as reflected in the General Fixed Assets Account Group reflect only the fixed assets owned by David Crockett Steam Volunteer Fire Company Number One prior to 1991 and all assets acquired by the Company since 1991. Significant additional fixed assets including land, buildings, furniture, fixtures and fire fighting equipment are owned by the company, but are not reflected in the financial statements. In our opinion, generally accepted accounting principles require that such assets be recorded on the company's financial statements. The exact amount of unrecorded assets could not be practically determined to achieve the necessary effect of this departure from generally accepted accounting principles on the financial statements.

In our opinion, except for the effects of not recording certain fixed assets, as discussed in the preceding paragraph, the financial statements of the Operations Fund referred to in the first paragraph present fairly, in all material respects, the financial position of the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One as of December 31, 1997 and the results of its operations and its changes in fund balances for the year then ended in conformity with generally accepted accounting principles.


Edward L. Camnetar, Jr., CPA
A Professional Accounting Corporation

Gretna, Louisiana
September 1, 1998

FINANCIAL STATEMENTS

STATE OF CALIFORNIA DEPARTMENT OF FIRE SERVICES

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1997

	DEPARTMENTAL FUNDS		ACCOUNT GROUP
	GENERAL		GENERAL FUND ASSETS
			TOTAL (MEMORANDUM)
ASSETS			
Cash operations fund	\$ 30,447	\$ 0	\$ 30,447
Expans.	3,126	0	3,126
Employee advances	915	0	915
Receivables	_____0	773,062	773,062
TOTAL ASSETS	\$ 34,588	\$ 773,062	\$ 786,476
LIABILITIES AND FUND BALANCE			
Liabilities			
Payroll unexpended	\$ _____0	\$ _____0	\$ _____0
TOTAL LIABILITIES	_____0	_____0	_____0
Fund Balance			
Undesignated - unrestricted	33,487	0	33,487
Investment in fixed assets	_____0	773,062	773,062
TOTAL FUND BALANCE	33,487	773,062	786,476
TOTAL LIABILITIES AND FUND BALANCE	\$ 33,487	\$ 773,062	\$ 786,476

The accompanying notes are an integral part of this statement.

DAVID CHRISTOFF STEAM PUMP/ENGINE FIRE COMPANY NUMBER ONE
STATEMENT OF REVENUES AND EXPENDITURES - CASH BASIS
OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1997

		11 Months Ended December 31, 1997
REVENUES		
City funding	1	434,000
Insurance - reinsurance		1,477
Miscellaneous income		1,261
Interest income		<u>126</u>
TOTAL REVENUES		<u>436,864</u>
EXPENDITURES		
Salaries	3	260,564
Fuel and truck - fuel		1,811
Contract services		2,434
Tools and safety items		1,000
Equipment purchases		4,704
Fire lighters/lighter		6,534
Impairment		1,438
Insurance - general		41,157
Insurance - volunteer's compensation		31,119
Woolfenden-liquor		1,170
Utility expense		1,076
Postage		100
Photography		41
Radio system		5,655
Repairs and maintenance - equipment		18,098
Supplies		2,155
Truck - payroll		16,567
Training		1,200
Utilities		<u>18,012</u>
TOTAL EXPENDITURES		<u>517,620</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		179,244
FUND BALANCE		
AT BEGINNING OF YEAR		<u>24,514</u>
AT END OF YEAR	\$	<u>247,758</u>

The accompanying notes are an integral part of this statement.

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ACTIVITIES

David Crockett Steam Volunteer Fire Company Number One (a non-profit organization) was established to provide fire fighting within the City of Gosport, Louisiana. In addition, the Organization provides fire code inspections for businesses within the city, as well as fire and rescue training for its members.

Because the David Crockett Steam Volunteer Fire Company Number One received the vast majority of its financial support from the City of Gosport to provide a public service, it is considered a quasi-public entity for financial reporting purposes. Accordingly, the accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies applied in the preparation of the accompanying general purpose financial statements are described as follows:

FINANCIAL REPORTING ENTITY

The accompanying financial statements include the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One. Control is based on application of the criteria established by the GASB for determining the reporting entity. The basic criteria, but not the only, is the ability to exercise oversight responsibility. Oversight responsibility is derived from, among other things, the ability to significantly influence operations. Based on the foregoing criteria, there are no component units which have been combined with the David Crockett Steam Volunteer Fire Company Number One to form the reporting entity, nor are there any potential component units which should be combined with the David Crockett Steam Volunteer Fire Company Number One to form the reporting entity.

FUND ACCOUNTING

For financial reporting, the accounts of the David Crockett Steam Volunteer Fire Company are organized on a fund and account group basis, each of which is considered a separate accounting entity, with a separate set of self-balancing accounts which comprise the assets, liabilities, fund equity, revenues and expenditures. The David Crockett Steam Volunteer Fire Company Number One is reporting on only one fund, the Operations Fund which accounts for all of its public funding and expenditures.

BASES OF ACCOUNTING

The David Crockett Steam Volunteer Fire Company Number One's accounting records for its Operations Fund are maintained on the cash basis of accounting. For financial reporting in accordance with generally accepted accounting principles, the accounting records are converted to the modified accrual basis under which revenues and expenditures are recognized as follows:

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY MEMBER ONE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

REVENUES

David Crockett Steam Volunteer Fire Company Member One received a majority of its revenues through monthly payments on a contract with the City of Gretna, Louisiana to provide fire fighting services. These revenues are recorded as Intergovernmental Revenues in the period when they are received. Other revenues are reported in the period in which they are earned.

EXPENDITURES

Expenditures are recognized when the related liability is incurred.

BUDGET

The David Crockett Steam Volunteer Fire Company Member One is not legally required to accept a budget. The Company did submit a budget to the City of Gretna, Louisiana as required by its contract with the City. Since this budget only covers a portion of the Company's operations, a comparison of actual results with a budget is not presented in the accompanying financial statements.

ACCUMULATED AMOUNTS

Accumulated annual (vacation) leave is reported in the General Fund because it is expected to be liquidated with expendable available financial resources. An expenditure or liability has not been recorded for accumulated sick leave because it is nonvested.

FIXED ASSETS

Fixed assets purchased since 1991 are recorded as expenditures (capital outlay) in the General Fund when purchased and are accounted for in the General Fixed Assets Account Group. For assets purchased prior to 1991, only fire trucks are accounted for in the General Fixed Assets Account Group. Other assets that are owned by the Company and acquired prior to 1991 include land, buildings, furniture and equipment.

DEFERRED SERVICES

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's fire fighting.

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

TOTAL COLUMN ON COMBINED BALANCE SHEET

The total column on the combined balance sheet is captioned "non-monetary only" to indicate that this information is presented only to facilitate financial analysis. Data in the total column does not present financial position in conformity with generally accepted accounting principles.

NOTE 2

CASH

At December 31, 1997, the carrying amount of the David Crockett Steam Volunteer Fire Company Number One bank accounts was \$39,447 and the bank balances were \$26,704 which was covered by Federal Depository Insurance.

NOTE 3

CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the year ended December 31, 1997.

	Balance January 1, 1997	Additions	Deletions	Balance December 31, 1997
General Fixed Assets	\$ 757,876	\$ 15,811	\$ -0-	\$ 773,687

COMPLIANCE AND INTERNAL CONTROL SECTION

EDWARD L. CAMNETAR, JR., CPA

A Professional Accounting Corporation
94 Westbank Expressway, Suite B, Gretna, LA 70053
(504) 362-2544 FAX (504) 362-2663

REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF THE OPERATIONS FUND FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors

David Crockett Steam Volunteer Fire Company Number One

We have audited the financial statements of the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One, a nonprofit organization for the year ended December 31, 1997, and have issued our report thereon dated September 1, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the Operations Fund financial statements of David Crockett Steam Volunteer Fire Company Number One for the year ended December 31, 1997, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Operations Fund financial statements and not to provide assurance on the internal control structure.

The management of David Crockett Steam Volunteer Fire Company Number One is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Applications:

- Cash
- Prepayments for goods and services
- Payroll and related liabilities
- Property, equipment, and capital expenditures

Controls Used in Administering Funding Source Agreements

- Types of services allowed or not allowed
- Allowability of expenditures

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the of the internal control structure, that in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. We noted the following reportable conditions:

Personnel Files - Our review of personnel files indicated that certain items including comprehensive employment applications and record of pay rates were either non-existent or dated.

Accounting and Financial Records - In the course of performing the audit, it was extremely difficult to retrieve the financial records required to perform the audit. This problem is caused by records not being maintained in a central location under the control of a single responsible individual.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all material weaknesses that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses:

Fixed Assets - The company has not kept a record of fixed assets it has acquired prior to 1991. Recently, an attempt was made to retrace the company's fire registers in the fixed asset accounts. The company's land, buildings and smaller fire fighting and communications equipment have not been inventoried and recorded.

The unrecorded assets are significant in value. Since many are relatively small in size and under the care and control of a number of members, they are susceptible to be lost or stolen.

This report is intended for the information of the Board of Directors and Management of David Crockett Steam Valves, Inc. Company Number One and the Legislative Analysis of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Edward J. Chastagne, Jr., CPA

A Professional Accounting Corporation

Covington, Louisiana
September 3, 1995

EDWARD L. CAMNETAR, JR., CPA
A Professional Accounting Corporation
94 Westbank Expressway, Suite B, Gretna, LA 70053
(504) 362-2544 FAX (504) 362-2663

**REPORT ON COMPLIANCE BASED ON AN ASSESSMENT OF THE OPERATIONS FUND
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
David Crockett State Volunteer Fire Company Number One

We have audited the Operations Fund financial statements of David Crockett State Volunteer Fire Company Number One, a non-profit organization, as of and for the year ended December 31, 1997, and have issued our report thereon dated September 1, 1998.

We conducted our audit in accordance with generally accepted auditing standards and 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 misstatement.

Compliance with laws, regulations, contracts, and grants applicable to David Crockett State Volunteer Fire Company Number One is the responsibility of the Organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of David Crockett State Volunteer Fire Company Number One's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the Operations Fund financial statements. The results of our tests of compliance disclosed the following material instances of noncompliance:

The company failed to comply with state law requiring audited financial statements be completed prior to six months from the company's fiscal year end. The company's audited financial statements were completed on September 1, 1998. Factors contributing to the lateness of the financial statements included a later than anticipated start of audit field work, missing financial records, and the volunteer status of all company officers, which extends the time required to retrieve necessary financial records.

We considered these instances of noncompliance in forming our opinion on whether The David Crockett Steam Volunteer Fire Company Number One's 1997 Operations Fund financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 1, 1998, on the Operations Fund financial statements.

This report is intended for the information of the Board of Directors and Management of David Crockett Steam Volunteer Fire Company Number One and the Legislative Auditor of the State of Louisiana. This institution is not intended to limit the distribution of this report, which is a matter of public record.



Edward L. Cometas, Jr., CPA
A Professional Accounting Corporation

Orleans, Louisiana
September 1, 1998

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
SCHEDULE OF FINDINGS
For the Year Ended December 31, 1997

We have audited the financial statements of the Operations Board of the David Crockett Steam Volunteer Fire Company Number One as of and for the year ended December 31, 1997 and have issued our report thereon dated September 1, 1998. 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. Our audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	<u>Yes</u>	Reportable Conditions	<u>Yes</u>
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Compliance

Compliance Material to Financial Statements	<u>Yes</u>
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Section II - Financial Statement Findings

Finding 1997-1 - The company did not comply with state law which requires audited financial statements be completed prior to six months from the company's fiscal year end.

Management's Response - Management deems a major contributing factor to the lateness of the report is a late start on the audit, the primary cause of which is late closing of the company's books by the company's CPA and lack of competent full time internal personnel to assist the CPA in his year-end work. Management intends to correct this matter by hiring a competent internal accountant to assist the CPA in completing his year end procedures prior to year-end.

Finding 1997-2 - The company has not inventoried fixed assets acquired prior to 1991.

Management's Response - Management has completed the inventory of fixed assets and is in the process of integrating values into its financial records.

Finding 1997-3 - The company has not maintained up to date personnel files.

Management's Response - Management intends to update personnel files once a competent, full time internal accountant can be hired.

Finding 1997-4 - The company's financial records were difficult to acquire to perform the 1997 audit as they were not kept in a central location under the control of a single responsible official.

Management's Response - Management agrees with the finding and intends to address the matter once a full time, computer accountant can be hired.

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 1997

Section I Internal Control and Compliance Material to the Financial Statements

- 1995-1 - Late filing of the audited Financial Statements - Unresolved - see Comment 1997-1
- 1995-2 - Incomplete Fixed Asset Inventory - Management disagreement see Comment 1997-2
- 1995-3 - Incomplete personnel records - Unresolved see Comment 1997-3
- 1995-4 - Lack of fiscal budget adoption - Management disagrees - fiscal budget adoption not required by state law for Volunteer Fire Companies - and for concern.

Section II Management Letter

- 1995-5 and 1995-6 Fixed Asset and Personnel Files - Repeated and commented on in 1995-2 and 1995-3 above.
- 1995-7 - 1997's for contract labor - Resolved.
- 1995-8 - Accounting system revision - Partially resolved, continued study of problem underway.

**DAVID CRICKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
MANAGEMENT CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1997**

Section I Internal Control and Compliance Material to the Financial Statements

See findings and management's response and corrective action plan on Schedule of Findings (Pages 12-13) of these financial statements. -