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

YEARS ENDED DECEMBER 31, 1999 AND 1998

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 09-13-00

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CAMNETAR & CO., CPA's
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 December 31, 1999 and for the years ended December 31, 1999 and 1998. 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.

In our opinion, 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, 1999 and the results of its operations and its changes in fund balance for the years then ended December 31, 1999 and 1998 in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2000 on our consideration of the David Crockett Steam Volunteer Fire Company Number One's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.



CAMNETAR & CO., CPA's
A Professional Accounting Corporation

Gretna, Louisiana
September 1, 2000

FINANCIAL STATEMENTS

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE

COMBINED BALANCE SHEET
GOVERNMENT FUND TYPES AND ACCOUNT GROUP

DECEMBER 31, 1999

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL (MEMORANDUM) ONLY</u>
	<u>GENERAL</u>	<u>GENERAL FIXED ASSETS</u>	
ASSETS			
Cash operations fund	\$ 21,037	\$ 0	\$ 21,037
Deposits	2,125	0	2,125
Employee advances	0	0	0
Fixed assets	<u>0</u>	<u>2,011,969</u>	<u>2,011,969</u>
TOTAL ASSETS	\$ <u>23,162</u>	\$ <u>2,011,969</u>	\$ <u>2,035,131</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Payroll taxes payable	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Undesignated - unreserved	23,162	0	23,162
Investment in fixed assets	<u>0</u>	<u>2,011,969</u>	<u>2,011,969</u>
TOTAL FUND BALANCE	<u>23,162</u>	<u>2,011,969</u>	<u>2,035,131</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>23,162</u>	\$ <u>2,011,969</u>	\$ <u>2,035,131</u>

The accompanying notes are an integral part of this statement..

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
STATEMENT OF REVENUES AND EXPENDITURES
OPERATIONS FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
REVENUES		
City funding	\$ 478,852	\$ 434,000
Insurance reimbursement	1,141	0
Miscellaneous income	348	1,833
Interest income	<u>0</u>	<u>0</u>
TOTAL REVENUES	480,341	435,833
 OTHER FINANCING SOURCES		
Operating transfers in	<u>32,499</u>	<u>43,043</u>
 TOTAL REVENUES AND OTHER FINANCING SOURCES	 <u>512,840</u>	 <u>478,876</u>
 EXPENDITURES		
Salaries	271,365	300,438
Advertising	26	0
Auto and truck - fuel	2,556	2,185
Bank service charges	44	154
Contract services	2,797	2,997
Dues and subscriptions	100	0
Equipment purchases	52,338	20,046
Fire fighter's gear	9,125	13,638
Inspections	220	0
Insurance -- general	47,354	35,096
Insurance -- workmen's compensation	28,654	27,399
Legal and accounting	4,966	5,430
Licenses and permits	30	0
Medical	132	105
Miscellaneous expense	1,665	467
Office expense	2,739	2,098
Pension plan	8,130	0
Photography	174	84
Postage	793	606
Radio repairs	5,242	13,730
Repairs and maintenance -- equipment	26,972	18,855
Supplies	2,405	2,561
Taxes -- payroll	16,979	22,484
Training	3,920	241
Uniforms	2,086	1,473
Utilities	<u>15,225</u>	<u>15,917</u>
 TOTAL EXPENDITURES	 <u>506,037</u>	 <u>486,004</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 6,803	 (7,128)
 FUND BALANCE:		
AT BEGINNING OF YEAR	<u>16,359</u>	<u>23,487</u>
AT END OF YEAR	\$ <u><u>23,162</u></u>	\$ <u><u>16,359</u></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 YEARS ENDED DECEMBER 31, 1999 AND 1998**

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 Gretna, 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 Gretna 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.

BASIS 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 NUMBER ONE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31,1999 AND 1998**

REVENUES

David Crockett Steam Volunteer Fire Company Number 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 Number One is not legally required to adopt 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 operation and is on a fiscal period other than the Company's fiscal year, a comparison of actual results with a budget is not presented in the accompanying financial statements.

COMPENSATED ABSENCES

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. Assets purchased prior to 1991 are recorded in the General Fixed Asset Group at their fair market value.

DONATED 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 activities.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

TOTAL COLUMN ON COMBINED BALANCE SHEET

The total column on the combined balance sheet is captioned "memorandum 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, 1999, the carrying amount of the David Crockett Steam Volunteer Fire Company Number One bank account was \$21,037 and the bank balance was \$34,786 which was covered by federal depository insurance (GASB Category 1).

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the years ended December 31, 1999 and 1998.

	(As Adjusted) Balance <u>January 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 1999</u>
Land	\$ 48,500	\$ 0	\$ 0	\$ 48,500
Buildings & Improvements	546,500	0	0	546,500
Fire Fighting Equipment	1,340,401	72,384	0	1,412,785
Furniture & Fixture	<u>0</u>	<u>4,184</u>	0	<u>4,184</u>
 TOTAL	 \$ <u>1,935,401</u>	 \$ <u>76,568</u>	 \$ <u>0</u>	 \$ <u>2,011,969</u>

NOTE 4 - ADJUSTMENT OF GENERAL FIXED ASSET ACCOUNT GROUP BEGINNING BALANCE

The beginning balance in the General Fixed Asset Account Group was adjusted to reflect values of assets purchased prior to 1991. This adjustment was the result of an inventory of fixed assets performed by management, including appraisals of real property since the last balance sheet date.

NOTE 5 - RELATED PARTY TRANSACTIONS

The Board employed, on a part-time basis, Antionette Black, who is the wife of the Fire Chief Robert Black. Mrs. Black was paid \$1,343.82 for 1998 and \$1,203.36 for 1999.

The Board also approved fire truck repairs of \$7,902.34 for 1998 and \$8,554.61 for 1999 paid to Mickey's Fix & Repair Services. Mickey's Fix & Repair Services is owned by Mickey Plaisance who is a Captain for the fire company.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 6 - PENSION PLAN

The Company has a defined contribution plan covering substantially all of its employees. The name of the plan is David Crockett Fire Company Number One Profit Sharing Plan & Trust which is administered by David Crockett Steam Volunteer Fire Company Number One. The plan was established under provisions of various sections of the Internal Revenue Code. The plan provides for discretionary contributions by the employer based on employees salary and elective contributions by the employees. The plan was established effective October 1, 1999. The employer contributions for 1999 were \$8,130 and the employee contributions for 1999 were \$1,761.

NOTE 7 - YEAR 2000 COMPLIANCE

David Crockett Volunteer Fire Company Number One is not dependent on computerized systems for essential operations nor to provide services to citizens.

COMPLIANCE AND INTERNAL CONTROL SECTION

CAMNETAR & CO., CPA's
A Professional Accounting Corporation
94 Westbank Expressway, Suite B, Gretna, Louisiana 70053
(504) 362-2544 FAX (504) 362-2663

**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 Board of Directors
David Crockett Steam Volunteer Fire Company Number One

We have audited the operations fund financial statements of the David Crockett Steam Volunteer Fire Company Number One (a non-profit organization) as of December 31, 1999 and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 1, 2000. 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.

Compliance

As part of obtaining reasonable assurance about whether the David Crockett Steam Volunteer Fire Company Number One operations fund 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as Finding 1999-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the David Crockett Steam Volunteer Fire Company Number One's internal control over financial reporting 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 over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect David Crockett Steam Volunteer Fire Company Number One's ability to record, process, summarize and report financial data consistent with the assertions of management in the operations fund financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Findings 1999-2 and 1999-3.

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 operations fund 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the members of the David Crockett Steam Volunteer Fire Company Number One's management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



CAMNETAR & CO., CPA's
A Professional Accounting Corporation

Gretna, Louisiana
September 1, 2000

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

We have audited the financial statements of the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One as of and for the year ended December 31, 1999 and 1998 and have issued our report thereon dated September 1, 2000. 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, 1999 and 1998 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 Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

A. Issues of Noncompliance

Finding 1999-1 - Late filing of Financial Statements. 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 feels 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 has hired a competent accountant subsequent to year end to complete the year end procedures in a timely fashion for future accounting periods.

B. Reportable Conditions

Finding 1999-2 - Personnel Files - Management has not completed the updating of personnel files. There are required forms which should be included in these files. We suggest that the new accountant review these files for required documents and a check list be devised of all documents required.

Management's Response

Management has made an attempt to update personnel files. We have hired a new accountant and will have him consult with auditors for updating of required documents.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

Finding 1999-3 - Accounting System - We recommend a review of the company's accounting system, and procedures be performed, with the goal of revamping and consolidating accounting efforts for the company's various activities and to explore the possibility of computerizing the company's accounting records. We further suggest that the company consider hiring an in-house bookkeeper on a part-time basis to maintain the company's accounting records.

Management's Response

Management hired a new accountant in 2000 to computerize our accounting system. We will have the accountant consult with auditors for any special instructions for our accounting system revision.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

Section I Internal Control and Compliance Material to the Financial Statements

1997-1 - Late filing of the audited Financial Statements -- Unresolved - see Comment 1999-1

1997-2 - Incomplete Fixed Asset Inventory -- Resolved

1997-3 - Incomplete personnel records -- Partially resolved (See Management's Corrective Action Plan Page 12)

1997-4 - Financial records difficult to acquire -- Partially resolved (subsequent period)

Section II Management Letter

None

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
MANAGEMENT CORRECTIVE ACTION PLAN
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

Section I Internal Control and Compliance Material to the Financial Statements

1999-1 - Late Filing of Financial reports Recommend Company hire a part-time bookkeeper to complete year end procedures in a timely fashion.

Management's Response

We have hired an accountant who will complete year end financials in a timely manner.

1999-2 - Personnel Files Personnel folders were incomplete and not updated. Recommend company complete the updating of files.

Management's Response

We have hired an accountant and will have him review the personnel files for any updating.

1999-3 - Accounting System Review company's accounting system for computerizing of accounting records.

Management's Response

We have hired an accountant who is in the process of computerizing the company records.

Section II Management Letter

None

DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE
1136 Lafayette Street, Gretna, Louisiana 70053
(504) 366-3444

September 5, 2000

Mr. Daniel Kyle, CPA, CFE
Secretary
Legislative Auditor Advisory Council
P O Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:

The following outlines the action to be taken by David Crockett Volunteer Fire Company Number One regarding the "Schedule of Findings and Questioned Cost" addressed to you by our auditor, Camnetar & Co., CPA's (APAC), in their report dated September 1, 2000.

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1999-1 - Late filing of financial statements

The lateness of the report is due to a late start on the audit. The primary causes for this late filing are due to the late closing of the company's books by the company's CPA. Another contributing factor is the lack of competent full time personnel to assist the CPA in his year end work. We have since hired a new CPA who is computerizing our accounting records.

1999-2 - Personnel Files

We have obtained updated employee applications on all employees. In the past several years, we have had only one position of operator be vacated and filled. Additionally, we hired a part-time secretary as a new position about four years ago. We will have our accountant consult with the auditor to complete updating the documents required.


1999-3- Accounting System

For the past several years, checks were written and recorded in ledger/log (cash disbursement journal). All checks were coded to different categories of expenses such as fuel, utilities, repairs, training, etc. At the end of each month, all statements, cancelled checks and ledger/logs were turned over to our prior CPA. This firm categorized all expenditures and compiled reports to the company. Due to the lack of a company bookkeeper, the accounting process took too much time.

We, now, have hired a new CPA to take over the accounting system. The firm will maintain the payroll and general ledger system on a computerized program. The new CPA will consult with the auditor for any special instructions for the accounting system.

If you have any questions or need more information, please contact me at (504) 363-1494.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Rau". The signature is fluid and cursive, with a prominent initial "W" and a long, sweeping tail.

Wayne Rau
President

WR:dlr