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HARAHAN VOLUNTEER FIRE COMPANY #1

Financial Statements

December 31, 1995

With Independent Auditors' Report Thereon

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 7-24-96

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Independent Auditors' Report

The Board of Directors
Harahan Volunteer Fire Company #1:

We have audited the accompanying balance sheet of Harahan Volunteer Fire Company #1 as of December 31, 1995, and the related statements of support, revenue and expenses and changes in fund balance and of changes in financial position for the year then ended. These financial statements are the responsibility of the Company'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 *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. 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 referred to above present fairly, in all material respects, the financial position of the Harahan Volunteer Fire Company #1 as of December 31, 1995, and the results of its operations and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report, dated May 21, 1996, on our consideration of the Company's internal control structure and a report, dated May 21, 1996, on its compliance with laws and regulations.

KPMG Peat Marwick LLP

May 21, 1996

HARAHAN VOLUNTEER FIRE COMPANY #1

Balance Sheet

December 31, 1995

Assets

Current assets:

Cash	\$ 74,092
Certificates of deposit	60,000
Accounts receivable	<u>2,615</u>

Total current assets	136,707
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Equipment (net of accumulated depreciation of \$7,805)	<u>37,111</u>
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	\$ <u>173,818</u>
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Liabilities and Fund Balance

Current liabilities - accounts payable	3,833
Fund balance	<u>169,985</u>

Total liabilities and fund balance	\$ <u>173,818</u>
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See accompanying notes to financial statements.

HARAHAN VOLUNTEER FIRE COMPANY #1

Statement of Support, Revenue and Expenses
and Changes in Fund Balance

For the year ended December 31, 1995

Support and revenue:

Support:

Jefferson Parish Council:	
Station support (note 4)	\$ 2,250
Fire insurance rebate tax (note 3)	25,217
Special events	9,520
Community Service Grant	<u>30,000</u>
 Total support	 <u>66,987</u>

Revenue:

Hall rental	550
Interest	4,086
Other revenue	1,649
Dues	<u>396</u>
 Total revenue	 <u>6,681</u>

Total revenue and support 73,668

Expenses:

Merit pay, bonuses and benefits	6,721
Repairs and maintenance	1,670
Utilities	474
Special events	6,297
Other	5,956
Supplies	2,601
Telephone	773
Fuel	76
Depreciation	1,925
Training	326
Uniforms	1,257
Worker's compensation	886
Awards	694
Oxygen rental	133
Fire prevention materials	100
Dues/meetings	<u>220</u>

Total expenses 30,109

Excess of support and revenue
over expenses 43,559

Fund balance at beginning of year 126,426

Fund balance at end of year \$ 169,985

See accompanying notes to financial statements.

HARAHAN VOLUNTEER FIRE COMPANY #1

Statement of Changes in Financial Position

For the year ended December 31, 1995

Working capital provided by operations:	
Working capital provided by the excess of support and revenue over expenses	\$ 43,559
Add charge not affecting working capital - depreciation	<u>1,925</u>
	45,484
Working capital used for purchase of equipment	<u>34,237</u>
Increase in working capital	\$ <u>11,247</u>
Changes in components of working capital:	
Increase (decrease) in current assets:	
Cash and investments	12,601
Interest receivable	(289)
Accounts receivable	<u>2,615</u>
	14,927
Increase in current liabilities - accounts payable	<u>3,680</u>
Increase in working capital	\$ <u>11,247</u>

See accompanying notes to financial position.

HARAHAN VOLUNTEER FIRE COMPANY #1

Notes to Financial Statements

December 31, 1995

(1) Summary of Significant Accounting Policies

The Harahan Volunteer Fire Company #1 (the Company) was organized in 1949 for the purpose of establishing and maintaining a volunteer fire company in the City of Harahan. The Company uses both employees and volunteers to provide services to the citizens of the City of Harahan. The Company is not a component unit of any other entity.

(a) Fund Accounting

The accounting system of the Company is organized and operated on a fund basis whereby a separate set of accounts is maintained for the purpose of carrying on specific activities. The Company has one fund which contains the assets, liabilities and fund balance of the Company.

(b) Basis of Accounting

The accrual basis of accounting is used by the Company.

(c) Contributed Services

A number of unpaid volunteers have made contributions of their time and expertise in performing the services of the Company. Volunteers services consist of weekly training seminars, monthly membership meetings and firefighting activities. The estimated value of these services cannot reasonably be determined as a result of the varying qualifications of the volunteers. Therefore, the value of the contributed time is not reflected in the accompanying financial statements.

(d) Equipment

Depreciation of equipment is provided over the estimated useful lives of the respective assets from three to five years on a straight-line basis.

(e) Income Taxes

The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

(2) Relationship with City of Harahan

The Company is dependent upon the City of Harahan (the City) to support its basic operating expenses. The City includes in its annual operating budget certain operating expenses of the Company. Expenses incurred by the City on behalf of the Company include salaries, retirement, and other employee related costs for the employees of the Company. The City

(Continued)

HARAHAN VOLUNTEER FIRE COMPANY #1

Notes to Financial Statements

also provides for the purchase of small equipment and fire trucks of the Company, as well as the necessary insurance coverage and utilities. Annual expenditures by the City for the Company were \$411,539 for the year ended December 31, 1995; this amount is not included in the accompanying financial statements.

In addition to the above, the Company also receives the fire insurance rebate tax from the State of Louisiana which is passed through the City.

The Company has a lease agreement with the City for the use of the land and buildings of its fire stations. The lease terms are for fifty years with payments of a nominal amount for each parcel of land. The leases expire in 2014.

The Company owns two fire trucks which are fully depreciated. Other vehicles and equipment used by the Company are the property of the City and are recorded in the City's financial statements, except as described in note 2.

(3) Implementation of FASB 116 and 117

In June 1993, the FASB issued Statements of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, and No. 117, *Financial Statements of Not-for-Profit Organizations*. FASB Statement No. 116 establishes accounting standards for contributions and applies to all entities that receive or make contributions. FASB Statement 117 establishes standards for general purpose external financial statements provided by a not-for-profit organization. The Company will implement FASB 116 and 117 in fiscal year 1996.

(4) Contingency

The Company is delinquent in filing certain required returns with the Internal Revenue Service which could result in the assessment of substantial penalties. The estimated amounts that may be assessed, if any, are unknown at this time.

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE AT THE FINANCIAL STATEMENT LEVEL

The Board of Trustees
Harahan Volunteer Fire Company #1:

We have audited the financial statements of the Harahan Volunteer Fire Company #1 (the Company) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 21, 1996.

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.

The management of the Harahan Volunteer Fire Company #1 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.

In planning and performing our audit of the financial statements of the Company for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operations, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management of the Company and federal audit agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

May 21, 1996

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS AT THE FINANCIAL STATEMENT LEVEL

The Board of Directors
Harahan Volunteer Fire Company #1:

We have audited the financial statements of the Harahan Volunteer Fire Company #1 (the Company) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 21, 1996.

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 the Harahan Volunteer Fire Company #1 is the responsibility of the Company's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Company's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instance of noncompliance that is required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Company's financial statements.

Compliance with specific IRS reporting matters have been discussed with management and corrective actions are being taken.

We considered this instance of noncompliance in forming our opinion on whether the Company's December 31, 1995 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 May 21, 1996 on those financial statements.

This report is intended for the information of management of the Company and federal audit agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

May 21, 1996



KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

May 21, 1996

Board of Directors
Harahan Volunteer Fire Company #1
New Orleans, Louisiana

Ladies and Gentlemen:

We have audited the financial statements of Harahan Volunteer Fire Company #1 for the period ended December 31, 1995, and have issued our report thereon dated May 21, 1996. Under generally accepted auditing standards, we are providing you with the attached information related to the conduct of our audit.

Our responsibility under generally accepted auditing standards is to express an opinion on the financial statements of Harahan Volunteer Fire Company #1 based on our audit. In carrying out this responsibility, we assessed the risk that the financial statements may contain a material misstatement, either intentional or unintentional, and designed and conducted our audit to provide reasonable, not absolute, assurance of detecting misstatements that are material to the financial statements. In addition, we considered the internal control of Harahan Volunteer Fire Company #1 to gain a basic understanding of the internal control activities in order to design an effective and efficient audit approach, not for the purpose of providing assurance on internal control.

The significant accounting policies used by Harahan Volunteer Fire Company #1 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1995. We noted no transactions entered into by the Company during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. However, in 1996 the Company will be required to implement Statement of Financial Accounting Standards No. 116 entitled Accounting for Contributions Received and Contributions Made and Statement of Financial Accounting Standards No. 117 entitled Financial Statements of Not-for-Profit Organizations (FASB 116/117), issued in May 1993, by the Financial Accounting Standards Board. These statements are not expected to have a material impact on the financial statements of the Company.

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of the significance of the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There are no areas requiring significant judgments or estimates.

There were no unusual or significantly large adjustments except as related to accrual entries (such as accounts payable), fixed assets and interest earnings on investments.

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Company's 1995 financial statements.

To the best of our knowledge management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of Statement on Auditing Standards No. 50, *Reports on the Application of Accounting Principles*.

No matters were discussed other than those in the normal course of our professional relationship prior to our retention as the Company's auditors and our responses were not a condition to our retention as the Company's auditors.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board and management of the Harahan Volunteer Fire Company #1 and is not to be used for any other purpose.

Very truly yours,

KPMG Peat Marwick LLP