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REPORT

WFO VOLUNTEER FIRE COMPANY

DECEMBER 31, 1968

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Release Date 1/11/69

Special Acknowledged
Legislative Auditor

By [Signature]

WSS VOLUNTEER FIRE COMPANY

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DECEMBER 31, 1998

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INDEPENDENT AUDITOR'S REPORT

March 28, 1997

Board of Directors
MOB Volunteer Fire Company
4040 Highway 90 West
Acadula, LA 70004

We have audited the accompanying statement of financial position of MOB Volunteer Fire Company (a Louisiana nonprofit corporation) as of December 31, 1996, and the related statements of activities, functional expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of MOB Volunteer Fire Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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. 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.

As described in Note 1 and 2 to the financial statements, the fire company changed its method of accounting for contributions and its method of financial statement presentation in 1996.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MOB Volunteer Fire Company as of December 31, 1996, and its changes in net assets and its cash flows 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 March 28, 1997 on our consideration of the MOB Volunteer Fire Company's internal control structure and a report dated March 28, 1997 on its compliance with laws and regulations.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

MIB VOLUNTEER FIRE COMPANY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

| <u>ASSETS</u> | |
|--|--------------------------|
| CURRENT ASSETS: | |
| Cash in Banks (Note 1) | \$ 24,420 |
| Cash in savings accounts (Note 1) | 6,810 |
| Employee advances | 25 |
| Total Current assets | <u>31,255</u> |
| PROPERTY AND EQUIPMENT: (Notes 1 and 6) | |
| Equipment | 280,164 |
| Automobile | 24,108 |
| Capital improvements | 20,075 |
| Furniture and fixtures | 12,427 |
| Total | <u>336,774</u> |
| less: accumulated depreciation | <u>(193,333)</u> |
| Net property and equipment | <u>143,441</u> |
| TOTAL ASSETS | \$ <u>343,651</u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| CURRENT LIABILITIES: | |
| Accounts payable | \$ 28,878 |
| Accruals payable | 246 |
| Capital lease payable (Note 5) | 1,402 |
| Note payable (Note 4) | 1,449 |
| Total current liabilities | <u>31,975</u> |
| LONG TERM LIABILITIES: | |
| Capital Lease payable (Note 5) | 1,504 |
| Note payable (Note 4) | 1,961 |
| Total long term liabilities | <u>3,465</u> |
| Total Liabilities | 44,190 |
| NET ASSETS: | |
| Restricted | <u>69,622</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ <u>343,651</u> |

See accompanying notes.

NEW VOLUNTEER FIRE COMPANY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 1998

UNRESTRICTED NET ASSETS:

(Revenues: (Note 1))

| | |
|--|----------------|
| Jefferson Parish contract | \$ 358,400 |
| Jefferson Parish monthly subsidy | 8,000 |
| Jefferson Parish quarterly subsidy | 4,000 |
| Jefferson Parish capital improvement revenue | 5,000 |
| Jefferson Parish insurance rebate | 7,500 |
| Miscellaneous revenue | 17,700 |
| Total revenue | <u>398,437</u> |

EXPENSES:

| | |
|-------------------------------------|----------------|
| Firefighting (Page 4) | 316,320 |
| Support services: | |
| Administrative and general (Page 4) | 53,667 |
| Total expenses | <u>369,987</u> |

INCREASE IN UNRESTRICTED NET ASSETS

28,450

Net assets - beginning of year, as previously reported

361,433

Prior period adjustment (Note 6)

(187,059)

Net assets - beginning of year, as restated

174,374

NET ASSETS - END OF YEAR

\$ 199,824

See accompanying notes.

WOB VOLUNTEER FIRE COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1994

| | FIREFIGHTING | ADMINISTRATIVE AND GENERAL | TOTAL |
|---------------------------------|-------------------|-------------------------------|-------------------|
| EXPENSES: (Note 1) | | | |
| Bank charges | \$ -- | \$ 500 | \$ 500 |
| Interest expense | -- | 1,600 | 1,600 |
| Conventions | 2,696 | -- | 2,696 |
| Grills and snacks | 875 | -- | 875 |
| Dues and fees | 300 | -- | 300 |
| Flowers and gifts | 614 | 120 | 734 |
| Insurance contract | 12,808 | 2,620 | 15,428 |
| Depreciation | 14,622 | 2,985 | 17,607 |
| Miscellaneous expense | 4,500 | 609 | 5,109 |
| Office supplies | -- | 4,100 | 4,100 |
| Payroll service | -- | 960 | 960 |
| Postage and meter | 490 | 102 | 592 |
| Professional services | 1,154 | 760 | 1,914 |
| Telephone | 1,087 | 220 | 1,307 |
| Travel | -- | 300 | 300 |
| Utilities | 7,061 | 1,446 | 8,507 |
| Salaries | 154,481 | 27,837 | 182,318 |
| Payroll taxes | 12,905 | 2,620 | 15,525 |
| Insurance-employees | 13,408 | 2,344 | 15,752 |
| Insurance-workers' compensation | 12,422 | 2,594 | 15,016 |
| Auto fuel and oil | 3,827 | 284 | 4,111 |
| Auto repairs and upkeep | 4,353 | 682 | 5,035 |
| Banker gear | 12,855 | -- | 12,855 |
| Engine 700 | 730 | -- | 730 |
| General maintenance | 20,503 | -- | 20,503 |
| Ladder test | 126 | -- | 126 |
| Equipment | 1,843 | -- | 1,843 |
| Outside labor | 837 | -- | 837 |
| Pumper 700 | 6,081 | -- | 6,081 |
| Repairs - equipment | 25,957 | -- | 25,957 |
| Repairs - radio | 1,983 | -- | 1,983 |
| Uniforms | 1,589 | -- | 1,589 |
| Tools | 1,987 | -- | 1,987 |
| Training awards | 586 | -- | 586 |
| Training and supplies | 7,223 | -- | 7,223 |
| TOTAL EXPENSES | \$ 316,328 | \$ 52,867 | \$ 369,195 |

See accompanying notes.

MFB VOLUNTEER FIRE COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1990

| | |
|--|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Increase in unrestricted net assets | \$ 25,490 |
| Adjustments to reconcile increase in unrestricted net assets to cash used by operating activities: | |
| Depreciation | 17,817 |
| Increase in employee advances | (20) |
| Increase in accounts payable | 22,154 |
| Decrease in payroll taxes payable | (5,962) |
| Decrease in IRS taxes payable | (50,000) |
| Increase in garnishment payable | 580 |
| Net cash provided by operating activities | <u>1,399</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Purchase of automobile | (24,185) |
| Purchase of capital improvements | (38,000) |
| Purchase of equipment | (18,400) |
| Purchase of furniture and fixtures | (3,801) |
| Net cash used in investing activities | <u>(84,386)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Payments on note payable | (1,200) |
| Payments on capital lease | (921) |
| Net cash used in financing activities | <u>(2,121)</u> |
| NET DECREASE IN CASH | (79,512) |
| Cash and cash equivalents at beginning of year | <u>100,268</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 20,756 |

See accompanying notes.

WOB VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996

ORGANIZATION:

The fire company was organized as a nonprofit corporation in September of 1933 to provide the citizens in the Seventh Fire Protection District with fire protection and related services. The department is under a month-to-month contract with Jefferson Parish. The majority of the fire company's revenue is derived from this contract. The department also responds to emergencies consisting of floods, hurricanes, etc. The company consists of one fire station.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the fire company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting and Presentation:

The fire company's policy is to prepare its financial statements on the accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.

The statement of activities presents expenses of the fire company's operations functionally between program services for firefighting and administrative and general. Those expenses which cannot be functionally categorized are allocated among functions based upon management's estimate of usage applicable to conducting those functions.

Fronting to Gifts:

Gifts are recognized when the donor makes a promise to give to the fire company that is, in substance, unconditional. Gifts that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the gifts are recognized. All other donor-restricted gifts are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Sources of Revenue:

WOB Volunteer Fire Company is one of five contractual fire companies of the Seventh Fire District, Parish of Jefferson. The Seventh Fire District of the Parish of Jefferson levies an ad valorem tax on assessed property of the district. The sum of this collection is equally divided between the five contractual volunteer fire companies of the district on a monthly pro-rata basis. The 1996 monthly allocation to each fire company was \$29,768 which amounted to \$356,400 for 1996.

**WOB VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Source of Revenue: (Continued)

In addition the Parish of Jefferson provides a direct subsidy of \$750 per month per active station and a quarterly subsidy of \$3,000 per station. WOB Volunteer Fire Company presently has one station. This direct subsidy amounts to \$9,000 and \$4,000 for 1996.

The fire company also participates in a fire insurance tax rebate program with Jefferson Parish. Jefferson Parish receives a rebate on the State of Louisiana's two percent (2%) fire insurance tax collected by the Commissioner of Insurance. The State of Louisiana determines the amount to be received by each fire district based on total population served. WOB Fire Company shares equally in the amount received by the Seventh District with each of the other four fire companies. The insurance rebate received during 1996 amounted to \$7,000.

During 1996 the fire company also received \$5,000 from the Parish of Jefferson as their share of a capital account maintained for improvements to the Seventh fire district fire fighting equipment.

Property and Equipment:

Property and equipment consists of equipment, an automobile, capital improvements and furniture and fixtures which are all carried at historical cost (See Note 5). All assets are being depreciated over their estimated useful lives of seven years for furniture and fixtures and five years for equipment and the automobile. Furniture and fixtures includes property obtained under a capital lease in the amount of \$4,200 (see Note 5). Furniture and fixtures also includes property acquired under a security agreement in the amount of \$4,600 (see Note 4). Capital improvements to land in the amount of \$58,075 were capitalized and depreciated over the estimated useful life of 15 years. The fire company does not own the land, but is entitled to use of the land under the month to month contract with Jefferson Parish. If the contract with Jefferson Parish is terminated, the net book value of capital improvements would be expensed in the year of termination. Depreciation expense for 1996 was \$17,613. The fire company did not record depreciation expense prior to 1996 (see Note 6).

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the fire company has defined cash and cash equivalents as all items on the statement of financial position identified as cash.

Supplemental Disclosures of Cash Flow Information:

| | |
|--------------------------------|---------|
| Cash paid during the year for: | |
| Interest | \$1,800 |
| Taxes | --- |

**WOB VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1986**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Noncash Investing and Financing Activities:

| | |
|---|--------|
| Acquisition of furniture and fixtures through capital lease (Note 5) | 14,287 |
| Acquisition of furniture and fixtures through security agreement (Note 4) | 4,638 |

Donated Services:

Amounts have not been reflected in the financial statements for donated services. Donated services were not recorded due to the fact that the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time to the fire company's program services.

2. CHANGE IN ACCOUNTING PRINCIPLES:

In 1985, the fire company elected to adopt Statement of Financial Accounting Standards (SFAS) No. 137, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 137, the fire company 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. In addition, the fire company is required to present a statement of cash flows. As of December 31, 1986, the fire company had only unrestricted net assets.

3. INCOME TAXES:

The fire company was organized as a nonprofit corporation which has not elected tax exempt status.

The fire company has not filed a federal or state tax return for the ten years from the date of its incorporation (1981) through the year ended December 31, 1986. Failure to file tax returns could result in the assessment of penalties by the Internal Revenue Service and State of Louisiana. No provision has been made in the financial statements for such penalties.

4. NOTE PAYABLE:

On February 13, 1986 the fire company entered into a security agreement for the purchase of a vending machine in the amount of \$4,610. The note which is secured by the vending machine includes an interest rate of 9.75% and requires thirty-six monthly payments of \$187.

Minimum future payments under the note payable are as follows for the years indicated:

| YEARS ENDING DECEMBER 31 | AMOUNT |
|-----------------------------|----------------|
| 1987 | \$1,946 |
| 1988 | 1,794 |
| 1989 | 187 |
| | <u>\$3,927</u> |

WOR VOLUNTEER FIRE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

4. NOTE PAYABLE: (Continued)

The statement of financial position classification is as follows:

| | |
|-----------------------------------|----------------|
| Current portion of note payable | \$1,489 |
| Long term portion of note payable | 1,581 |
| | <u>\$3,070</u> |

5. CAPITAL LEASE PAYABLE:

On February 8, 1998 the fire company entered into a capital lease to purchase an ice machine in the amount of \$4,263. The asset and liability under this capital lease are recorded at the present value of the minimum lease payments.

Minimum future lease payments under this lease are as follows:

| YEARS ENDING DECEMBER 31 | AMOUNT |
|-----------------------------------|----------------|
| 1999 | \$1,956 |
| 1998 | 1,596 |
| 1998 | 300 |
| Total minimum lease payments | 4,252 |
| Less amount representing interest | (882) |
| Capital lease payable | <u>\$3,370</u> |

The statement of financial position classification is as follows:

| | |
|--|----------------|
| Current portion of capital lease payable | \$1,422 |
| Long term portion of capital lease payable | 1,928 |
| | <u>\$3,350</u> |

6. PRIOR PERIOD ADJUSTMENT:

In prior years (since inception in 1981) the fire company did not record depreciation on its property and equipment. The total amount of depreciation expense not recorded in prior years amounted to \$163,717. In addition, the fire company incorrectly capitalized building and land improvements in prior years. The total amount of building and land improvements that should have been expensed in prior years amounted to \$25,342. The total prior period adjustment as of December 31, 1998 amounted to a decrease in net assets of \$189,069.

7. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

MOB VOLUNTEER FIRE COMPANY
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1996

March 28, 1997

To the Board of Directors,
MOB Volunteer Fire Company

We have audited the financial statements of MOB Volunteer Fire Company (a Louisiana nonprofit organization) as of and for the year ended December 31, 1996, and have issued our report thereon, dated March 28, 1997.

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 MOB Volunteer Fire Company 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 MOB Volunteer Fire Company for the year ended December 31, 1996, 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 operation, 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 reportable 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 operations that we consider to be material weaknesses as defined above.

MOB VOLUNTEER FIRE COMPANY
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1986

March 28, 1987

To the Board of Directors
MOB Volunteer Fire Company

We have audited the financial statements of MOB Volunteer Fire Company (a Louisiana nonprofit organization) as of and for the year ended December 31, 1986, and have issued our report thereon dated March 28, 1987.

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, and contracts applicable to MOB Volunteer Fire Company is the responsibility of the MOB Volunteer Fire Company's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the MOB Volunteer Fire Company's compliance with certain provisions of laws, regulations, and contracts. 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 instances of noncompliance that are 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 MOB Fire Company's 1986 financial statements.

As a result of our audit we noted that the fire company has no subsidiary record of its property and equipment to substantiate the cost basis. We recommend the fire company perform an "inventory" of all capitalizable assets. A subsidiary schedule should be maintained reflecting the historical cost of the assets and related accumulated depreciations.

We also noted that the fire company has not filed for exempt status as a nonprofit organization with the Internal Revenue Service. In addition the fire company has not filed federal or state income tax returns since its inception in 1985 through the year ended December 31, 1986. We recommend the fire company file for exempt status with the Internal Revenue Service and file all tax returns required by the Internal Revenue Service and State of Louisiana.

We considered these instances of noncompliance in forming our opinion on whether W&B Fire Company's 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 March 28, 1997, on those financial statements.

This report is intended for the information of the Board of Directors, management and applicable parties, state or federal agencies. However, this report is a matter of public record and its distribution is not limited.

Robert H. Chapman, Hogan & Maden LLP