

DEPARTMENT VOLUNTEER FIRE DEPARTMENT, INC.

FINANCIAL STATEMENTS

Rural Fire District No. 2 Current Restricted Fund

As of and for the Two Years Ended December 31, 1994

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# Durnin & James

MEMPHISVILLE, MISSISSIPPI

Mr. M. Dornin, CPA  
Bryan & Lewis, CPAs  
Volunteer Fire Department

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Memphisville, MS  
Gardner & ...

Charles B. Adams, CPA  
Bryan & Lewis, CPAs

Mr. ...  
Bryan & Lewis, CPAs  
Foster ...

July 27, 1987

## INDEPENDENT AUDITOR'S REPORT

To the Officers of  
Independence Volunteer Fire Department, Inc.  
Independence, Louisiana

We have audited the accompanying statement of financial position of the Rural Fire District No. 2 Covered Restricted Fund of the Independence Volunteer Fire Department, Inc. (a non-profit organization) as of December 31, 1986, and the related statements of activities and cash flows for the two years then ended. These financial statements are the responsibility of the Fire Department'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. 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 explained in Note 3, the financial statements being presented are only for the fund referred to above and do not include the assets, liabilities, and fund balances and the revenues, expenses and capital additions and cash flows of the Independence Volunteer Fire Department, Inc. that are recorded in its Current Unrestricted Operating Fund. Accordingly, the accompanying financial statements are not intended to present the financial position of Independence Volunteer Fire Department, Inc. as of December 31, 1986, or its results of operations or cash flows for the two years then ended in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rural Fire District No. 2 Covered Restricted Fund of the Independence Volunteer Fire Department, Inc. as of December 31, 1986, and the results of operations and cash flows for the two years then ended in conformity with generally accepted accounting principles.

As discussed in Note 3 to the financial statements, in 1986 Independence Volunteer Fire Department, Inc. changed its method of accounting for contributions and the method of financial reporting and financial statement presentation in accordance with Statement of Financial Accounting Standards No. 120 and 127.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, CPAs

INDUSTRIAL SOLVENTS FIRE DEPARTMENT, INC.

FINANCIAL STATEMENTS

Local Fire District No. 2, Canton, Massachusetts  
as of and for the Two Years Ended December 31, 1956

INDEPENDENCE VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF ACTIVITIES -  
 LOCAL FIRE DISTRICT NO. 3 CURRENT RESTRICTED FUND

FOR THE TWO YEARS ENDED DECEMBER 31, 1990

	<u>PERMANENTLY RESTRICTED</u>	
	<u>1989</u>	<u>1988</u>
<b>SUPPORT AND REVENUES:</b>		
Total Fire District No. 3 District Fund:		
All volunteer taxes	\$ 28,282	\$ 28,278
State revenue sharing	28,883	14,387
Fire insurance premium rebate	5,782	7,278
State grants	-	20,100
Miscellaneous	<u>614</u>	<u>10,617</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<b>\$ 63,451</b>	<b>\$ 70,650</b>
<b>EXPENSES:</b>		
Program Services - Fire PROTECTION:		
Fuel	\$ 2,644	\$ 3,400
Salaries	5,785	4,000
Soft Service	2,001	2,004
Repairs and maintenance	2,806	21,515
Insurance	2,458	2,800
Telephone	4,085	3,600
Fire station supplies	2,277	22,270
Office Supplies	2,274	800
Other	<u>2,048</u>	<u>22,270</u>
Total program services	27,383	60,449
Supporting Services:		
Accounting	<u>252</u>	<u>2,450</u>
Total Supporting Services	<u>252</u>	<u>2,450</u>
<b>TOTAL EXPENSES</b>	<b>\$ 27,635</b>	<b>\$ 62,899</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 35,816</b>	<b>\$ 7,751</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>119,750</b>	<b>112,000</b>
Equipment purchased	<u>1,812</u>	<u>119,188</u>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 155,566</b>	<b>\$ 129,751</b>

The accompanying notes are an integral part of this statement.

GREENSBORO VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF CASH FLOW -  
 FISCAL YEAR REPORT NO. 2 CURRENT RESTRICTED FUND

FOR THE TWO YEARS ENDED DECEMBER 31, 1996

	<u>1996</u>	<u>1995</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 42,682	\$ 19,178
Adjustments to Reconcile Change in NET ASSETS TO NET Cash Flow by Operating Activities:		
(Increase) Decrease in Accounts Receivable	128,000	4,170
Increase (Decrease) in Accounts Payable	( 9,280)	9,125
Increase (Decrease) in Due to Forgeprow Parish Council	1,224	1,307
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 165	\$ 24,780
CASH FLOW FROM INVESTING ACTIVITIES:		
Equipment purchased	\$ 4,388	\$28,470
NET CASH FLOW FROM INVESTING ACTIVITIES	\$ 4,388	\$28,470
NET INCREASE (DECREASE) IN CASH	\$ 4,853	\$ 5,310
CASH AT BEGINNING OF YEAR	<u> 8,182</u>	<u> 2,870</u>
CASH AT END OF YEAR	<u>\$ 13,035</u>	<u>\$ 8,180</u>

The accompanying notes are an integral part of this statement.

INDEPENDENT VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years Ended December 31, 2020

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INDEPENDENCE VOLUNTEER FIRE DEPARTMENT, INC.

MODEL TO THE FINANCIAL STATEMENTS

As of and For the Two Years Ended December 31, 1956

**INTRODUCTION**

The Independence Volunteer Fire Department, Inc. (hereinafter referred to as the "Fire Department") is a Louisiana non-profit organization. Its purpose is to operate exclusively as a voluntary fire-fighting organization to provide fire protection and emergency response services in the Town of Independence and surrounding rural areas. The Fire Department is governed by officers consisting of a chief, a first assistant chief, a second assistant chief and three captains, each of which is elected by the membership. At the present time the Fire Department consists of 46 active volunteer firemen. The Fire Department maintains an office in Fire Station Number 3 of the Town of Independence and maintains equipment in two fire stations in the town.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The financial statements have been prepared on an accrual basis and in conformity with standards promulgated by the American Institute of Certified Public Accountants in its Audit Guide Number of Certain Non-profit Organizations and its Statement of Position 78-18.

**B. FUND ACCOUNTING**

The accounts of the Fire Department are maintained in accordance with the principles of fund accounting whereby resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund. Separately restricted funds may only be utilized in accordance with the purposes established by the source of the funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

The accompanying financial statements present only the financial results accounted for in the following funds:

The Rural Fire District No. 3 Current Restricted Fund represents revenue and expenses related to the operation of fire protection and emergency response services in the unincorporated rural areas surrounding the Town of Independence under the terms of an agreement between the Fire Department and the Rural Fire Protection District No. 3 of Tangipahoa Parish.

The accompanying financial statements do not include the assets, liabilities, and fund balance and the support revenue, expense, and capital additions and such items reported in funds other than the Rural Fire District No. 3 Current Restricted Fund. Accordingly, the financial statements being presented are not intended to present the financial position of the Independence Volunteer Fire Department, Inc. as of December 31, 1956, or its results of operations or such items for

INDEPENDENCE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS COMPLETED

For the Two Years Ended December 31, 1998

the two years then ended in conformity with generally accepted accounting principles.

The Rural Fire District No. 2 Current Fund is considered restricted because under the terms of the contract with the Rural Fire Protection District No. 2 of Tangipahoa Parish these funds "shall be expended solely for the purposes of operating, maintaining and/or purchase of equipment and supplies, and salaries if approved by fire District No. 2."

**C. REVENUE AND REVENUE**

Support consists primarily of contract payments received from Rural Fire Protection District No. 2 of Tangipahoa Parish in the form of ad valorem taxes, state revenue sharing funds and fire insurance rebate funds. The fire department receives a percentage of the total funds available to Rural Fire Protection District No. 2 based on formula contained in the original contract agreed to by all participating fire departments in Tangipahoa Parish. The ad valorem tax allocation is established in January of each year and disbursed by Rural Fire Protection District No. 2 on a quarterly basis. State revenue sharing and fire insurance rebate funds are disbursed to participating fire departments by Rural Fire Protection District No. 2 as the funds become available. As a result, ad valorem taxes and interest income is recognized as income in the period earned. State revenue sharing funds, fire insurance rebate funds and all other revenue are recognized as income when received.

**D. CASH**

Cash includes demand deposits.

**E. INCOME TAXES**

The Corporation is exempt and exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. Therefore, no provision is made for income taxes.

**F. FAIR VALUES OF FINANCIAL INSTRUMENTS**

The organization's financial instruments, none of which are held for trading purposes, include cash. The following methods and assumptions used by the organization in estimating its fair value disclosures for financial instruments are:

**CASH:** The carrying amounts reported in the statements of financial position approximate fair value because of the short maturity of these instruments.



INDEPENDENT VOLUNTARY FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS INCLUDED

For the Two Years Ended December 31, 1996

**G. 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.

**H. STATEMENT OF CASH FLOW**

For the purpose of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

**I. FINANCIAL STATEMENT REPRESENTATION**

In 1996 the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 133, "Financial Statements of Non-Profit-Entity Organizations". Under SFAS No. 133, the Organization 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 Organization is required to present a statement of cash flows. As permitted by this new statement, the Organization has discontinued the use of LIFO accounting and has, accordingly, recomputed its financial statements to present the three classes of net assets required. This recomputation had no effect on the change in net assets for 1996 or 1995.

**J. CONTRIBUTIONS**

The Organization also elected to adopt SFAS No. 136, "Accounting for Contributions Received and Contributions Made," in 1996. In accordance with SFAS No. 136, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The adoption of SFAS No. 136 had no effect on net assets or the change in net assets as of or for the two years ended December 31, 1996.

**3. CASH**

Cash as December 31, 1996, consisted of the following:

General Deposits	\$ 5,500
Total	\$ 5,500

**3. RECEIVABLES**

Receivables include amounts due from Rural Fire Protection District No. 1 as of December 31, 1996, and are summarized as follows:

INDEPENDENCE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Two Years Ended December 31, 1996

From Rural Fire Protection District No. 3:	
Ad Valorem Taxes	\$97,443
Total	\$97,443

No allowance for uncollectible amounts is required as December 31, 1996.

4. **RECEIPTS**

Receipts as of December 31, 1996, consisted of the following:

Account Expenses	\$ 1,115
Total	\$ 1,115

5. **CONTRACT WITH RURAL FIRE PROTECTION DISTRICT NO. 3**

The Tangipahoa Parish Council (the parish governing authority) awarded Rural Fire Protection District No. 3 of Tangipahoa Parish (District) funded by an ad valorem tax to provide fire protection and emergency response services in the rural area of the parish. The boundaries of the District include the unincorporated areas of Tangipahoa Parish.

The Fire Department adopted a Resolution and entered into an agreement with Rural Fire Protection District No. 3 to provide fire protection and emergency response services in the unincorporated areas surrounding the Town of Independence. Funding is provided by an ad valorem tax and related state income sharing. Under the terms of the contract with the District, these funds "shall be expended solely for the purposes of operations, maintenance, and/or purchasing of equipment or supplies and salaries of approved by Fire District No. 3." Equipment purchased remains the property of the Fire District and is not recorded in the accompanying financial statements.

6. **BOUNDED SERVICES AND FACILITIES**

All of the Fire Department's program and supporting services are provided by volunteers. In addition, the Fire Department utilizes an office, two fire stations, equipment, paid licenses and various administrative expenses at no cost to the Fire Department. No amounts have been included in the financial statements for donated services or facilities since no objective basis is available to measure the value of such services and facilities.

7. **FAIR VALUES OF FINANCIAL INSTRUMENTS**

The approximated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	DECEMBER 31, 1996	1995
Financial Assets: Cash	\$ 1,115	\$ 1,115
	\$ 1,115	\$ 1,115

INDEPENDENT VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE TWO YEARS ENDED DECEMBER 31, 1996

9. DEBT SERVICE

The Fire Department services debt for various fire trucks in which it operates. The title and principal liability pertaining to the fire trucks remain with Fire District No. 2 of Esquimaux Parish. Therefore, no asset or corresponding liability is recorded in the financial statements of the Independent Volunteer Fire Department, Inc. Current Restricted Fund.

OTHER REPORTS RECEIVED BY DEPARTMENT JUSTICE, OMBUDSMAN

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED  
IN ACCORDANCE WITH INDEPENDENT AUDITING STANDARDS

# DuRoin & James

CERTIFIED PUBLIC ACCOUNTANTS

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July 17, 1997

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT ACCOUNTING STANDARDS**

To The Members of  
Independence Volunteer Fire Department, Inc.  
Independence, Louisiana

We have audited the financial statements of the Independence Volunteer Fire Department, Inc., a non-profit organization, for the two years ended December 31, 1996, and have issued our report thereon dated July 17, 1997.

We have 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 Independence Volunteer Fire Department, Inc. 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 recorded 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 nonetheless occur which, if detected, cause a revision of any evaluation of the structure to future periods or 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 general purpose financial statements of Independence Volunteer Fire Department, Inc., for the two years 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 general purpose financial statements and also to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

**INDEPENDENT VOLUNTEER FIRE DEPARTMENT, INC.**

We noted certain deficiencies 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 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.

**ADMINISTRATIVE MATTERS:**

**MINUTES:**

**Condition:** The organization does not have a set policy for recording minutes of board meetings. Therefore, no documentation exists for approval of large disbursements and other board decisions. This condition was noted in the prior year audit report.

**Recommendation:** We recommend that the organization appoint or elect a recording secretary to maintain official minutes of all board meetings.

**Management's Response:** In a letter dated August 14, 1997, the Fire Department indicated that it will appoint or elect a recording secretary to maintain official minutes of all board meetings.

**BUDGETS:**

**Condition:** During our audit and review of administrative matters, we noted the Fire Department did not adopt budgets for 1995 and 1996. A budget is recommended to help insure that financial resources are expended in accordance with management's intent. This condition was noted in the prior year audit report.

**Recommendation:** We recommend the Fire Department adopt a budget at the beginning of each fiscal year and review actual expenditures versus budgeted expenditures on a quarterly basis.

**Management's Response:** In a letter dated August 14, 1997, the Fire Department indicated that it will adopt an operating budget in December of each year for the next year in accordance with the recommendation.

**ORGANIZATIONAL DOCUMENTS:**

**Condition:** Although the organization has incorporated as a non-profit organization it has not officially obtained non-profit determination from the Internal Revenue Service. This condition was noted in the prior year audit report.

**Recommendation:** We recommend that the organization consider obtaining a letter of determination from the Internal Revenue Service.

**Management's Response:** In a letter dated August 14, 1997, the Fire Department indicated that it will obtain official non-profit determination from the Internal Revenue Service.

**FEDERAL INCOME TAX RETURNS.**

**Condition:** During our audit we noted the Fire Department did not file a federal income tax return for 1974 or 1975. Federal law requires non-profit organizations to file a tax return when gross receipts exceed \$20,000, annually. This condition was noted in the prior year audit report.

**Recommendation:** The Fire Department should revise the tax return filing requirements for non-profit organizations and file an income tax return when required.

**Management's Response:** In a letter dated August 12, 1977, the Fire Department indicated that it intends to revise the tax return filing requirements for non-profit organizations and file an income tax return when required.

**LACK OF APPROPRIATE SEPARATION OF DUTIES.**

**Condition:** During our audit we noted the fire chief has authority to approve bills, sign checks and is also responsible for maintaining the official accounting records. We also noted only one signature is required to sign checks. This condition was noted in the prior year audit report.

**Recommendation:** We recommend the fire chief and secretary/treasurer be required to approve all invoices for payment and such approval be documented by signing the bill of each invoice. We further recommend two signatures be required on all checks: the fire chief and the secretary/treasurer.

**Management's Response:** In a letter dated August 12, 1977, the Fire Department indicated that it agrees to elect a secretary/treasurer to maintain the official accounting records and to obtain the fire chief's and the secretary/treasurer's signatures on all checks. The Fire Department further agrees to have the fire chief sign or initial all invoices to document approval before payment.

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.

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 consider the matter involving lack of segregation of duties and lack of appropriate documentation to be a material weakness as defined above.



INDEPENDENCE VOLUNTEER FIRE DEPARTMENT, INC.

This report is intended for the information of the officers, Rural Fire Protection District No. 2 of Tangipahoa Parish and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

*Dwain S. James*  
Dwain S. James, Fire Chief

INDEPENDENT RECEIVER'S REPORT ON COMPLIANCE  
MADE IN AS RESULT OF FINANCIAL DISTRESS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT BILLING STANDARDS

# Durnin & James

—CERTIFIED PUBLIC ACCOUNTANTS—

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MEMPHIS  
2000 BELL STREET  
MEMPHIS, TENNESSEE 38103

July 27, 1987

**INDEPENDENCE AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Officers of  
Independence Volunteer Fire Department, Inc.  
Independence, Louisiana

We have audited the financial statements of Independence Volunteer Fire Department, Inc., a non-profit corporation as of and for the two years ended December 31, 1986, and have issued our report thereon dated July 17, 1987.

We have 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.

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

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

**COMPLIANCE WITH STATE LAW**

**AUDIT REPORT FILING REQUIREMENTS**

The Fire Department did not comply with certain audit report filing requirements required by state law. Audit report filing requirements applicable to the Fire Department are specified in state law, Louisiana Revised Statutes (LSA) R.S. 1:2815(B)(5)(a). The pertinent parts of the law and the manner in which the Fire Department failed to comply is as follows:

**INDEPENDENT VOLUNTEER FIRE DEPARTMENT, INC.**

State law requires that audits be completed and transmitted to the Louisiana Legislative Auditor within six months of the close of the entity's fiscal year.

**Finding:** The Fire Department did not complete and transmit a copy of the audit report for the two years ended December 31, 1986, to the Louisiana Legislative Auditor by June 30, 1987. Improvement is needed in this area to make sure the required audit is completed in a timely manner. This condition occurred because the Fire Department did not provide the records necessary to audit its financial statements for the two years ended December 31, 1986, until June 1987. This did not allow the auditor sufficient time to perform all audit tests required and complete the audit by June 30, 1987. As a result, this audit report was not filed timely and places the Fire Department in noncompliance with state law.

**Recommendation:** We recommend the Fire Department obtain the services of a certified public accountant to conduct any required audits prior to the end of the fiscal year to be audited. This would allow the auditor six months to complete the audit and deliver the report.

**Management's Response:** In a letter dated August 14, 1987, the Fire Department indicated that it will obtain the services of a certified public accountant prior to the end of the fiscal year to be audited.

**COMPLIANCE WITH CONTRACT WITH TERREBONA FIRE DISTRICT NO. 2**

The Fire Department did not comply with certain requirements of the contract with the Terrebonne Parish Fire Protection District No. 2. The contract provisions applicable to the Fire Department and the manner in which they failed to comply are as follows:

Section 3 of the contract with the Terrebonne Parish Fire Protection District No. 2 states that all equipment purchased with funds provided by Fire District No. 2 shall be used by Fire District No. 2.

**Finding:** On May 18, 1986, the Fire Department transferred \$1,000 from the Rural District No. 2 checking account to the town of Independence. The explanation on the check was "1986 24 Insurance Retain." It appears that the \$1,000 should have been transferred from the regular operating account instead of the Rural District No. 2 account, therefore, the general operating account is liable to the Rural District No. 2 account in the amount of \$1,000.00.

**Recommendation:** We recommend the Fire Department immediately transfer \$1,000 from the general operating account to the Rural District No. 2 account to reimburse the Rural District No. 2 account. In the future, all expenditures of public funds provided by Rural Fire District No. 2 should be in accordance with the terms of the contract.

**Management's Response:** In a letter dated August 14, 1987, the Fire Department indicated that it will immediately transfer \$1,000 from the general operating account of the Department to the Rural District No. 2 account in accordance with the recommendation.

Section 3 of the contract with the Terrebonne Parish Fire Protection District No. 2 states that salaries may be paid from the public funds provided by Fire District No. 2 only if approved in advance by Fire District No. 2.

INDEPENDENCE VOLUNTARY FIRE DEPARTMENT, INC.

**Finding:** During our walk-in and testing of bank disbursements, we noted that the Fire District was paid \$4,880 and other charges were paid \$2,968, as well as others were compensated for duties performed. We further noted the organization has not paid any employer's share of unemployment taxes. No withholding deductions were made from employees' checks. Thus, some of the required payroll reports or deposits were filed or deposited.

**Recommendation:** We recommend that the organization obtain written approval from Fire District No. 2 of Tangipahoa Parish for salaries paid. In addition, we recommend that the organization withhold employee payroll taxes, pay employer related liabilities, file all payroll tax returns and make timely payroll deposits. We further recommend that the organization file any delinquent payroll tax returns and pay the amounts past due.

**Management's Response:** In a letter dated August 14, 1993, the Fire Department indicated that it agrees to obtain written approval for salaries paid, to deduct the proper withholdings, and to file the appropriate tax reports. Also, the Department intends to prepare supporting time sheets and personnel files with the appropriate employee information.

We considered these initial instances of noncompliance in forming our opinion on whether the 1992 and 1993 financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles, and this report does not reflect our report dated July 13, 1993, on those financial statements.

This report is intended for the information of the officers, Tangipahoa Fire Protection District No. 2 of Tangipahoa Parish and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

*Dustin James*

DUSTIN A JAMES CPA-2

# Durnin & James

MEMBERS PUBLIC ACCOUNTANTS

John M. Durnin, CPA  
James H. James, CPA  
The Professional Corporation

Charles H. Mathews, CPA  
Roger C. Ramsey, CPA

MEMBER  
FEDERAL PUBLIC ACCOUNTANTS

MEMBER  
FEDERAL PUBLIC ACCOUNTANTS

August 14, 1987

Members of the Board of Directors  
Independence Volunteer Fire Department, Inc.  
Independence, Louisiana

We have audited the financial statements of the Independence Volunteer Fire Department, Inc. for the two years ended December 31, 1986, and have issued our report thereon dated July 27, 1987. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated December 18, 1986, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and deficiencies, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Independence Volunteer Fire Department, Inc. such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Independence Volunteer Fire Department, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will discuss management about the appropriateness of accounting policies and their application.

The significant accounting policies used by the Independence Volunteer Fire Department, Inc. are described in Note 3 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1985 and 1986, other than changing its method of accounting for contributions and its method of financial reporting and financial statement preparation in accordance with Statements of Financial Accounting Standards No. 116 and 117. We note no transactions entered into by the Independence Volunteer Fire Department, Inc. during the two years 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.

#### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

Management's estimate of the allowance for doubtful accounts is based on historical analysis of the collectibility of individual accounts receivable. We evaluated the key factors and assumptions used in developing the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

#### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Independence Volunteer Fire Department, Inc. that would potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed several audit adjustments related to accounts receivable and accounts payable. The corrections were not considered material in relation to the financial statements of the Independence Volunteer Fire Department, Inc. taken as a whole. The Fire Department has agreed to the proposed audit adjustments and will record the adjustments in the accounting records of the Independence Volunteer Fire Department, Inc. for the two years ended December 31, 1986.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report

Independence Volunteer Fire Department, Inc.  
August 14, 1987  
Page Three

that no such disagreements arose during the course of our audit.

Communications with Other Independent Accountants

To the best of our knowledge, management has not consulted with us obtained opinions from other independent accountants during the past two years that are subject to the requirements of Statement on Auditing Standards No. 59, "Reports on the Application of Accounting Principles."

Difficulties Encountered in Performing the Audit

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

This report is for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Fire Chief and Board of Directors of the Independence Volunteer Fire Department, Inc., is a matter of public record.

Respectfully submitted,



DURBIN & JONES CPA's

HRJ/tjm



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State of New York  
 Office of the  
 Comptroller  
 of the Court

INDEPENDENCE VOLUNTEER FIRE DEPARTMENT, INC.

FINANCIAL STATEMENT  
 SERIAL FIRE DISTRICT NO. 2 CURRENT RESTRICTED FUND

As of and for the Two Years Ended December 31, 1999

Under provisions of State law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed entity and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the person clerk of court.

Release Date SEP 03 2007