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**ROCKAWALL VOLUNTARY FIRE DEPARTMENT, INC.**

**FINANCIAL STATEMENTS  
RURAL FIRE DISTRICT NO. 2 SPECIAL 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 this report has been submitted to the library, or libraries, and other appropriate public officials. The report is available for public inspection at the Public Repository of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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Original Date.....

DOUGLASSVILLE VOLUNTARY FIRE DEPARTMENT, INC.

FINANCIAL STATEMENTS

Local Fire District No. 2 Special Fund

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

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# Durnin & James

REGISTERED PUBLIC ACCOUNTANTS

John S. Durnin, CPA  
Frank C. Lane, CPA  
74 Professional Corporation

Mc 217  
Bureau of Revenues  
P.O. Box 1000  
Baton Rouge, Louisiana 70801

Charles H. Maloney, CPA  
Roya C. Smith, CPA

Mc 217  
Bureau of Revenues  
P.O. Box 1000  
Baton Rouge, Louisiana 70801

July 21, 1997

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Ponchartraine Volunteer Fire Department, Inc.  
Ponchartraine, Louisiana

We have audited the accompanying statement of financial position of the RURAL FIRE DISTRICT NO. 2 CARROLL RESTRICTED FUND of the Ponchartraine Volunteer Fire Department, Inc., as compared conceptual AS OF DECEMBER 31, 1996, 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 provide 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 misstatements. 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 1, 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 Ponchartraine Volunteer Fire Department, Inc. that are reported in the Carroll Restricted Operating Fund and the Equipment Fund. Accordingly, the accompanying financial statements are not intended to present the financial position of Ponchartraine Volunteer Fire Department, Inc. as of December 31, 1996, 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 Carroll Restricted Fund of the Ponchartraine Volunteer Fire Department, Inc. as of December 31, 1996, 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 1996 Ponchartraine Volunteer Fire Department, Inc. changed its method of accounting for contributions and its method of financial reporting and financial statement presentation in accordance with Standards of Financial Accounting Standards No. 115 and 117.

Respectfully submitted,

  
DURNIN & JAMES, CPAs

FINANCIAL STATEMENTS  
Bural Fire District, No. 2 - special fund

**PORTLANDIA VOLUNTARY FIRE DEPARTMENT, INC.**  
**STATEMENT OF FINANCIAL POSITION -**  
**MARAL FIRE DISTRICT NO. 2 CHURCH DISTRICTED PARR**

December 31, 1974

<b>ASSETS</b>		\$1,100.00
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents		\$663.47
RESERVED (NET of allowances for uncollectibles):		
FIRE PROTECTION DISTRICT No. 2 contract fees		217.44
Prepaid insurance		219.09
	<b>Total Current Assets</b>	<b>\$899.99</b>
	<b>TOTAL ASSETS</b>	<b>\$999.99</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable		\$700.00
	<b>Total Current Liabilities</b>	<b>\$700.00</b>
	<b>TOTAL LIABILITIES</b>	<b>\$700.00</b>
<b>NET ASSETS</b>		
Permanently restricted		\$299.99
	<b>TOTAL NET ASSETS</b>	<b>\$299.99</b>
	<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$999.99</b>

The accompanying notes are an integral part of this statement.

FORRESTORIA VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF ACTIVITIES -  
 FUND BALANCE - BOND FUND DISCLOSURE NO. 2  
 CURRENT RESTRICTED FUND

For the Two Years Ended December 31, 1979

	<u>PERMANENTLY RESTRICTED</u>	
	<u>DECEMBER 31,</u> <u>1979</u>	<u>DECEMBER 31,</u> <u>1978</u>
<b>REVENUE AND RECEIPTS:</b>		
Bond FIVE DISCLOSURE NO. 2 Contract Fees:		
Ad valorem taxes	\$172,742	\$ 89,791
State revenue sharing	73,886	36,717
Fire insurance premium rebates	34,888	34,791
Interest income	21,360	25,281
Miscellaneous	215	117
<b>TOTAL REVENUE AND RECEIPTS</b>	<b>\$283,031</b>	<b>\$186,697</b>
<b>EXPENSES:</b>		
Program Services - FIRE PROTECTION:		
Insurance	\$ 38,354	\$ 27,114
Repairs and maintenance	4,088	3,004
Fire station supplies	593	799
Medical expenses of volunteers	4,791	4,394
Fireman training and conventions	4,154	3,515
Other	(2,138)	(2,807)
<b>TOTAL EXPENSES</b>	<b>48,842</b>	<b>44,637</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$234,189</b>	<b>\$142,060</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>428,889</b>	<b>428,889</b>
equipment purchased	(2,162)	128,999
<b>NET ASSETS AT END OF YEAR</b>	<b>\$660,816</b>	<b>\$604,948</b>

The accompanying notes are an integral part of this statement.

POHONOONUA VOLUNTARY FIRE DEPARTMENT, INC.

STATEMENT OF CASH FLOWS - RURAL FIRE DISTRICT NO. 2  
CURRENT RESTRICTED FUND

FOR THE TWO YEARS ENDED DECEMBER 31, 1986

	December 31, <u>1986</u>	December 31, <u>1985</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$404,904	\$187,880
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
(Increase) Decrease in Accounts Receivable	188,800	18,860
(Increase) Decrease in Prepaid Insurance	<u>2,358</u>	<u>        </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$596,062	\$187,880
CASH FLOWS FROM INVESTING ACTIVITIES:		
Equipment purchased	\$1,838	\$188,000
NET CASH FROM INVESTING ACTIVITIES	\$1,838	\$188,000
NET INCREASE IN CASH	\$597,900	\$375,880
CASH AT BEGINNING OF YEAR	\$11,882	\$58,000
CASH AT END OF YEAR	<u>\$609,782</u>	<u>\$413,880</u>

The accompanying notes are an integral part of this statement.

PORTLANDIA VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS

As of and for the two years ended December 31, 1986

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BOZEMANVILLE VOLUNTEER FIRE DEPARTMENT, INC.

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years ended December 31, 1998

**INTRODUCTION**

The Bozemanville Volunteer Fire Department, Inc. (hereinafter referred to as the "Fire Department") is a Louisiana nonprofit corporation incorporated on May 29, 1988. Its purpose is to operate voluntarily as a volunteer fire-fighting organization to provide fire protection and emergency response services in the City of Bozemanville and surrounding rural areas. The Fire Department is governed by a Board of Directors and officers consisting of a chief, a third assistant chief, a second assistant chief and a secretary/treasurer, each of which is elected by the membership. In the process, the Fire Department consists of 88 active volunteer firemen. The Fire Department maintains an office in Fire Station Number 1 of the City of Bozemanville and maintains equipment in two fire stations in the City.

**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 *Audit of Certain Nonprofit Organizations and Its Statement of Position 19-93*.

**B. FUND ACCOUNTING**

The accounts of the Fire Department are maintained in accordance with the principles of fund accounting whereby resources are classified for account by and reporting purposes into funds established according to their purpose and program. Separate accounts are maintained for each fund. Internally restricted funds may only be utilized in accordance with the purpose 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 resources accounted for in the following fund:

The Rural Fire District No. 2 Current Restricted Fund reports all revenue and expense related to the operation of fire protection and emergency response services in the unincorporated rural areas surrounding the City of Bozemanville under the terms of an agreement between the Fire Department and the Rural Fire Protection District No. 2 of Tangipahoa Parish.

The accompanying financial statements do not include the assets, liabilities, and fund balances and the support revenue, expenses, and capital additions and cash flows reported in funds other than the Rural Fire District No. 2 Current Restricted Fund. Accordingly, the financial statements being presented are not intended to present the financial position of the Bozemanville Volunteer Fire Department, Inc.

MONSIEUR'S VOLUNTARY FIRE DEPARTMENT, INC.

NOTE TO THE FINANCIAL STATEMENTS (CONTINUED)

As of and for the Two Years Ended December 31, 1988

as of December 31, 1988, of the results of operations of such items for the year 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 purpose of operating, maintaining and/or purchasing of equipment and supplies...and salaries if approved by Fire District No. 2."

C. SUPPORT 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 Rural 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. Ad val 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 AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits, interest bearing demand deposits and time deposits.

E. INCOME TAXES

The corporation is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code. Therefore, no provision is made for income taxes.

F. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, some of which are held for liquidity purposes, include cash. The following methods and assumptions used by the Organization in estimating the fair value disclosures for financial instruments are:

Cash: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of these instruments.

MONMOUTH COUNTY FIRE DEPARTMENT, INC.

NOTE TO THE FINANCIAL STATEMENTS (CONTINUED)

As of and for the Two Years ended December 31, 1996

**D. 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 purposes 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 RECLASSIFICATION**

In 1996 the organization elected to adopt Statement of Financial Accounting Standards BOARD No. 117, "Financial Statements of Non-for-profit Organizations". Under SFAS No. 117, 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 prescribed by this new statement, the organization has discontinued the use of the accounting method, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1996 or 1995.

**J. CONTRIBUTIONS**

The Organization also elected to adopt SFAS No. 118, "Accounting for Contributions Received and Contributions Made." In 1996, in accordance with SFAS No. 118, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or absence of any donor restrictions. The adoption of SFAS No. 118 had no effect on net assets or the change in net assets as of or for the two years ended December 31, 1996.

**K. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at December 31, 1996, consisted of the following:

Demand Deposits	\$100,000
Interest Bearing Deposits	188,470
TOTAL	\$288,470

MONTECALA VOLUNTARY FIRE DEPARTMENT, INC.

NOTE TO THE FINANCIAL STATEMENTS (CONTINUED)

As of and for the Two Years Ended December 31, 1996

3. RECEIVABLES

Receivables include amounts due from Rural Fire Protection District No. 2 as of December 31, 1996, and are summarized as follows:

Due From Rural Fire Protection District No. 2:

    Ad Valorem Taxes

    \$412,000

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

4. CONTRACT WITH RURAL FIRE PROTECTION DISTRICT NO. 2

The Tangipahoa Parish Council (the parish governing authority) created Rural Fire Protection District No. 2 of Tangipahoa Parish District) funded by an ad valorem tax to provide fire protection and emergency response services in the rural areas 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. 2 to provide fire protection and emergency response services in the unincorporated areas surrounding the city of Montecala. Funding is provided by an ad valorem tax and related state revenue sharing. Under the terms of the contract with the District, those funds shall be expended solely for the purposes of operating, maintaining, and/or purchasing of equipment or supplies and salaries if approved by FIRE DISTRICT NO. 2. Equipment purchased remains the property of the Fire District and is not recorded in the accompanying financial statements.

5. MONETED 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 vehicles, equipment, paid firemen and various administrative expenses as are used in 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.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	CARRYING	Fair
	AMOUNT	VALUE
Financial Assets:		
Cash	\$223,412	\$223,412

OTHER REPORTS RECEIVED BY GOVERNMENT MEDICAL STORAGE

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

# Durnin & James

— CERTIFIED PUBLIC ACCOUNTANTS —

John S. Durnin, CPA  
James E. James, CPA  
78 Professional Center

Frank D. Mathews, CPA  
Royal E. Gandy, III

Office  
Executive Offices of  
Fidelity Public Accounts

Office  
Executive Offices of  
Fidelity Public Accounts

July 14, 1997

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN ASSESSMENT OF FINANCIAL STATEMENTS PROCEDURES IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Ponchartraine Volunteer Fire Department, Inc. as non-profit organizations for the two years ended December 31, 1996, and have issued our report thereon dated July 14, 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.

In planning and performing our audit of the financial statements of the Ponchartraine Volunteer Fire Department, Inc. for the two years ended December 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Ponchartraine Volunteer Fire Department, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, policies 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.

Ponchartraine Volunteer Fire Department, Inc.

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

- cash
- Support, Revenue and Related Miscellaneous
- Expenses and Accounts Payable

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

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 operation that we considered to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Ponchartraine Volunteer Fire Department, Inc. in a separate letter dated July 14, 1997.

This report is intended for the information of the officers, Board Fire Protection District No. 3 of Thibodaux Parish and the Louisiana Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,



DENNIS E. JONES, CPA



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

# Durnin & James

INDEPENDENT PUBLIC ACCOUNTANTS

John H. Durnin, CPA  
Robert E. James, CPA  
14 Professional Plaza

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Accounting Year 11  
Fiscal Year 11/1/11

Charles B. Johnson, CPA  
Bryan J. Gandy, CPA

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Fiscal Year 11  
Fiscal Year 11/1/11

July 24, 2007

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON RESULTS OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT GRANTING STANDARDS

To The OFFICERS OF  
Pensacola Volunteer Fire Department, Inc.  
Pensacola, Louisiana

We have audited the financial statements of Pensacola Volunteer Fire Department, Inc., a non-profit corporation as of and for the two years ended December 31, 2006, and have issued our report thereon dated July 24, 2007.

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 Pensacola Volunteer Fire Department, Inc. is the responsibility of Pensacola 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 compliance with 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 Requirement

The Fire Department did not comply with certain audit report filing requirements imposed by state law. Audit report filing requirements applicable to the Fire Department are specified in state law, Louisiana Revised Statute R.S. 28:2218(A)(1)(ii). The pertinent parts of the law and the manner in which the Fire Department failed to comply is as follows:

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**BOCHARONIA VOLUNTARY 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.

**Findings:** 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 audits are 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 13, 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 retain 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. Additionally, we recommend the Fire Department provide the necessary records as soon as feasible after the end of the fiscal year.

**Management's Response:** In a letter dated August 1, 1987, the Fire Chief indicated the Department will provide the records to the auditor on a timely basis so that the report can be issued prior to June 30th as required by state law.

We considered this material instance of noncompliance in forming our opinion on whether the 1986 and 1987 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 July 24, 1987, on 1986 financial statements.

The results of our tests indicate that, with respect to the items tested, BOCHARONIA VOLUNTARY FIRE DEPARTMENT, INC. complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing drew to our attention that caused us to believe that BOCHARONIA VOLUNTARY FIRE DEPARTMENT, INC. had not complied, in all material respects, with those provisions.

This report is intended for the information of the officers, Board 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 J. Jones*  
Dwain J. Jones, CPA

# Durnin & James

MEMBER PUBLIC ACCOUNTANTS

John M. Durnin, CPA  
Steven S. James, CPA  
24 Poydras Street, Suite 2000

Charles H. Helzer, CPA  
Robert C. Garvey, CPA

Member  
American Institute of  
Certified Public Accountants

Member  
Louisiana Institute of  
Certified Public Accountants

July 24, 1997

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

In planning and performing our audit of the financial statements of The Pochertraina Volunteer Fire Department, Inc. for the two years ended December 31, 1996, we considered the Fire Department's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. (We previously reported on the Fire Department's internal control structure in our report dated July 24, 1997.) This letter does not affect our report dated July 24, 1997, on the financial statements of the Pochertraina Volunteer Fire Department, Inc. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operational efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

#### Administration

**Condition:** During our audit and review of administration controls, we noted the Fire Department does not have established procedures for maintaining an inventory of general fixed assets. Although the inventory does not belong to the Fire Department, a clear line of responsibility exists to account for the custodial assets.

**Recommendation:** We recommend the Fire Department adopt procedures for maintaining a perpetual inventory of general fixed assets, to include an annual inventory observation tagging items subject to being tagged, and recording inventory additions and deletions.

**Condition:** During our audit we noted the Fire Department did not file a Federal income tax return for 1995 or 1996. Federal law requires nonprofit organizations to file a tax return when gross receipts exceed \$25,000, annually.

**Recommendation:** The Fire Department should review the tax return filing requirements for nonprofit organizations and file an income tax return when required.

Ponchartraine Volunteer Fire Department, Inc.

July 18, 1987

Page Two

cash.

Condition: During our audit and testing of cash, we noted that cash deposits earned by FDIC coverage by \$3,533.85 were not covered by securities pledged by the financial institution.

Recommendation: We recommend the Fire Department implement procedures whereby deposits in excess of FDIC coverage will be covered by pledge of securities by the financial institution.

We wish to thank Chief Pettice and Henry Bolden for their support and assistance during our audit.

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,



DENNIS J. JONES, CPA

DJJ/ta

11-800-555-5555 (TOLL FREE) 1-800-555-5555

# Durnin & James

## CERTIFIED PUBLIC ACCOUNTANTS

John R. Smith, CPA  
David E. Jones, CPA  
14 Professional Corporation

Charles D. Maloney, CPA  
Randy E. Gentry, CPA

Office  
2000 Lakeside Drive  
Ponchartraine, Louisiana 70002

Office  
Baton Rouge, Louisiana  
Ponchartraine, Louisiana

August 7, 1997

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

We have audited the financial statements of the Ponchartraine Volunteer Fire Department, Inc. for the two years ended December 31, 1996, and have issued our report thereon dated July 18, 1997. 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 June 7, 1996, 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 defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Ponchartraine 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 Ponchartraine 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 advise management about the appropriateness of accounting policies and their application.

The significant accounting policies used by the Ponchatoula Volunteer Fire Department, Inc. 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 1996 and 1997. We noted no transactions entered into by the Ponchatoula 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, as 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 to develop 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 Ponchatoula Volunteer Fire Department, Inc. that could 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 Ponchatoula 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 Ponchatoula Volunteer Fire Department, Inc. for the two years ended December 31, 1996.

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