

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR THEN ENDED DECEMBER 31, 1987

April 29, 1987

To the Board of Directors
Third District Volunteer Fire Department

We have audited the financial statements of Third District Volunteer Fire Department (a nonprofit organization) for the year ended December 31, 1986, and have issued our report thereon, dated April 29, 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.

The management of Third District Volunteer Fire Department 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 and 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 Third District Volunteer Fire Department for the year ended December 31, 1986, 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 the specific 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.

However, we noted a certain matter that we have reported to the management of Third District Volunteer Fire Department in a separate letter dated April 26, 1967.

This report is intended for the information of the Board of Directors, management, and applicable parish, state or federal agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Donald L. Chapman, Hogan & Maden, L.L.P.

THIRD DISTRICT VOLUNTARY FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 199830. LENGTH OF SERVICE AWARD PROGRAM: (Continued)

Accumulated plan benefits	\$375,095
Less: Unrecognized prior service cost	<u>352,628</u>
PROGRAM LIABILITY	<u>\$ 22,467</u>

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
 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 THEN ENDED DECEMBER 31, 1996

April 29, 1997

To the Board of Directors
 Third District Volunteer Fire Department

We have audited the financial statements of Third District Volunteer Fire Department [a nonprofit organization] as of and for the year ended December 31, 1996, and have issued our report thereon dated April 29, 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.

Compliance with laws, regulations, and contracts applicable to the Third District Volunteer Fire Department is the responsibility of the Third District Volunteer Fire Department's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Third District Volunteer Fire Department'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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management and applicable state or federal agencies. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Diplomat, Hermann George & Maden LLP



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April 29, 1997

To the Board of Directors
Third District Volunteer Fire Department
39423 Jefferson Highway
River Ridge, LA 70023

In planning and performing our audit of the financial statements of Third District Volunteer Fire Department for the year ended December 31, 1996, we considered the Fire Department's internal control structure 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.

During our audit we noted that a Length of Service Award Program had been established for the volunteers. Effective March 1, 1996 the Third District Volunteer Fire Department entered into a contract to offer volunteers a Length of Service Award Program. We recommend that the Fire Department consult with their attorney with regards to the establishment of this program.

We will review the status of the above comment during our next audit engagement. We have already discussed this comment with Fire Department personnel, and we will be pleased to discuss it in further detail at your convenience. This letter summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated April 29, 1997, on the financial statements of Third District Volunteer Fire Department.

We would like to take this opportunity to express our appreciation for the assistance and cooperation received from your staff during our audit.

Sincerely,
DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP

William S. Stans
William S. Stans, CPA
Partner

WGS/BJT

4/29/97

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

3. INCOME TAXES:

The fire department is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(3).

4. ANNUAL LEAVE PAYABLE:

All full time employees of the Third District Volunteer Fire Department accumulate annual leave which is accrued annually based on each employee's accumulated hours and current rate of pay. Beginning in 1992 the amount of hours that each employee can accumulate is limited to 800 hours. Payment of annual leave must be approved by the Board. For the year ended December 31, 1998 the amount of accrued annual leave was \$22,499.

5. PENSION PLAN:

The company sponsors a defined contribution plan that covers all employees who have at least 1,000 service hours annually.

Contributions to the plan are based on 10% of the gross wages paid by the fire department plus the supplemental wages received from the State of Louisiana.

For December 31, 1998, the amount of pension expense was \$26,019.

6. COMBINATION OF CREDIT RISKS:

At various times during the year the fire department had on deposit cash in excess of FDIC insurance limits.

7. CHANGE IN ACCOUNTING PRINCIPLES:

In 1996, the fire department elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the fire department 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 department is required to present a statement of cash flows. As of December 31, 1998, the fire department had only unrestricted net assets.

8. 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.

9. ERROR CORRECTING ADJUSTMENT:

Effective January 1, 1998, the department changed from the modified cash basis of financial reporting to the accrual basis.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996

9. PRIOR PERIOD ADJUSTMENT: (Continued)

Accordingly, unrestricted net assets at the beginning of the year has been increased by \$34,614 as a result of the change to the accrual method.

10. LIFETIME OF SERVICE AWARD PROGRAM:

Effective March 1, 1986, the department entered into a contract to offer volunteers a nonqualified defined benefit plan covering substantially all of its volunteers.

The amount of prior service cost at adoption of the plan was \$385,960. This amount is based on \$5.00 per month per year of past service per participant up to a maximum of twenty years. This cost is being recognized over the average estimated remaining service life of the participants or twenty six years. The amount recognized in the current period is \$8,307.

The benefits are based on years of volunteer service to the fire department at \$5.00 per month up to thirty years of service. The participant vests after five years of service. The plan is noncontributory and administered by a trustee. The assumed interest rate is 5.5%. Net periodic cost includes the following components:

Service and interest cost of the current period	\$ 37,669
Amortization of unrecognized prior service costs	8,307
Life insurance premiums	7,028
Administrative fee	728
PROGRAM EXPENSE	\$ 51,732

The following sets forth the funded status of the plan as of December 31, 1996:

Actuarial present value of accumulated plan benefits for service rendered to date:	
Vested	\$172,092
Non-vested	3,000
	<u>\$175,092</u>
Actuarial present value of projected benefit obligation	1266,902
Plan assets at fair value (included in cash on the balance sheet)	138,308
Plan assets in deficit of projected benefit obligation	108,474
Unrecognized prior service costs	152,676
UNFUNDED PROGRAM COST	\$ 78,570

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in unrestricted net assets	\$ 302,070
Adjustments to reconcile increase in unrestricted net assets to cash provided by operating activities:	
Depreciation	85,929
Increase in prepaid insurance	(78,453)
Decrease in other assets	1,099
Increase in accounts payable	8,467
Increase in payroll taxes payable	5,513
Increase in annual leave payable	11,175
Increase in Length of Service Award Program	17,419
Increase in due to employees	118
Decrease in unexpended insurance proceeds	(750)
Net cash provided by operating activities	<u>412,998</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	<u>(48,326)</u>
Net cash used in investing activities	<u>(48,326)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on note payable	<u>(48,851)</u>
Net cash used in financing activities	<u>(48,851)</u>
NET INCREASE IN CASH	315,821
Cash and cash equivalents at beginning of year	<u>427,199</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>743,020</u>

See accompanying notes.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998**

ORGANIZATION:

The fire department was organized in 1951 and provides the citizens of the Third Fire District of Jefferson Parish with fire protection and related services. The fire department is currently under a two year contract with Jefferson Parish to provide fire protection to the Third District. The contract became effective on April 24, 1998 and ends on April 24, 2000. The majority of the fire department's revenue is derived from this contract. The department operates four stations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Presentation:

Effective January 1, 1998, financial statements of the fire department are prepared on the accrual basis.

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 department's operations functionally between administration and program services for firefighting. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Revenue:

Under the present contract with Jefferson Parish, the Parish pays the fire department monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in the Third Fire Protection District. On April 3, 1963 the 50-year renewal of a 15-mill property tax was approved by public election.

In addition, the fire department receives revenue from the following:

- A) Jefferson Parish Sales Tax - amount received is based on the number of fire stations. The subsidy is received monthly at a rate of \$750 per fire station.
- B) Jefferson Parish Contributions - amount received is based on the number of fire stations. The subsidy is received quarterly at a rate of \$1,800 per fire station.
- C) Insurance Rebates - amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 1996

	ADMINISTRATION	FIREFIGHTING	TOTAL
Paypower	\$ 16,150	\$ 540,060	\$ 557,210
Insurance	2,186	73,177	75,363
Utilities	627	27,677	28,304
Fire prevention work	--	2,083	2,083
Operating materials	--	14,825	14,825
Maintenance materials	--	26,713	26,713
Depreciation (Note 2)	2,482	83,437	85,929
Stationery and office supplies	4,037	--	4,037
Miscellaneous	188	4,262	5,110
Beverages	--	8,229	8,229
Travel, entertainment, awards and banquet	488	13,648	14,136
Legal and accounting fees	199	4,973	5,172
Personal safety equipment	--	18,414	18,414
Breathing apparatus	--	3,683	3,683
First aid supplies	--	2,561	2,561
Vehicle maintenance	--	37,725	37,725
Oil and gas	--	16,662	16,662
Interest expense	84	2,668	2,752
Major repairs and maintenance	--	6,079	6,079
Software and films	--	1,788	1,788
Length of Service Award Program (Note 3)	--	51,749	51,749
Volunteers recruitment	26	680	706
	<u>\$ 26,506</u>	<u>\$ 938,983</u>	<u>\$ 965,489</u>
TOTAL			

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

UNRESTRICTED NET ASSETS:

REVENUE: (Note 1)	
Jefferson Parish millage	\$ 856,814
Jefferson Parish sales tax and contribution	52,000
Jefferson Parish service charge	278,000
Insurance rebate	69,181
Interest	12,683
Miscellaneous	<u>2,481</u>
Total revenue	<u>1,592,999</u>
EXPENSES:	
Administration	26,566
Firefighting	<u>830,593</u>
Total expenses	<u>857,159</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>735,840</u>
Net assets, beginning of year, as previously reported	1,183,235
Prior period adjustment (Note 9)	<u>34,814</u>
Net assets beginning of year, as restated	<u>1,218,049</u>
NET ASSETS, END OF YEAR	<u>\$ 1,953,889</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1986

ASSETS

CURRENT ASSETS:

Cash	\$ 753,525
Prepaid insurance	87,087
Total current assets	<u>840,612</u>

PROPERTY, PLANT AND EQUIPMENT: (Note 2)

Land	89,821
Buildings	380,511
Fire fighting equipment	89,752
Radios	295,800
Trucks and other automobiles	579,501
Office furniture and equipment	37,588
Total	<u>1,773,973</u>
Less accumulated depreciation	(1,024,875)
Net property, plant and equipment	<u>649,098</u>

Other assets	<u>1,528</u>
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TOTAL ASSETS	\$ <u>1,491,638</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 6,463
Unexpended insurance proceeds	709
Payroll taxes payable	1,100
Annual leave payable (Note 4)	22,929
Due to employees	677
Total current liabilities	<u>33,878</u>

LONG TERM LIABILITIES:

Length of Service Award Program (Note 10)	<u>17,429</u>
Total long term liabilities	<u>17,429</u>

TOTAL LIABILITIES	51,307
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NET ASSETS:

Unrestricted	<u>1,440,331</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,491,638</u>
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See accompanying notes.



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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INDEPENDENT AUDITOR'S REPORT

April 25, 1997

Board of Directors
Third District Volunteer Fire Department
30423 Jefferson Highway
River Ridge, Louisiana 70059

We have audited the accompanying statement of financial position of the Third District Volunteer Fire Department as of December 31, 1996 and the related statement of activities, functional expenses, changes in net assets and cash flows for the year 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 described in Note 5 and 7, as of January 1, 1996, the fire department changed its method of reporting from the modified cash basis to the accrual basis and changed its method of financial reporting and financial statement presentation.

In our opinion, the statements mentioned above present fairly, in all material respects, the financial position of the Third District Volunteer Fire Department as of December 31, 1996, and its change 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 April 28, 1997 on our consideration of the fire department's internal control structure and a report dated April 25, 1997 on its compliance with laws and regulations.

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

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FINAL
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Shows all entries
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beginning and ending
of the year

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R E P O R T

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

DECEMBER 31, 1996

11/16/97 10:10 AM

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

Release Date JUL 16 1997

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
REPORT INDEX
DECEMBER 31, 1996

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flow.....	5
Notes to Financial Statements.....	6 - 10
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11 - 12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	13

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue: (Continued)

- b) Jefferson Parish Service Charge - Effective January 1, 1990 the fire department began receiving monthly installments based on the number of water meters within the fire district. The assessment of the service charge was approved by public election.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the fire department has defined cash and cash equivalents as follows:

Cash on hand	\$ 667
Cash in banks	554,350
Cash held by insurance company	58,500
	<u>\$713,517</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:	
Interest	\$2,800
Taxes	--

Donated Services:

No amounts have 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 department's program services.

2. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of land, buildings, automobiles, fire trucks, fire equipment and office equipment which are carried at cost, and are being depreciated over their estimated useful lives, ranging from five to forty years. Depreciation expense for the year ended December 31, 1998 was \$85,890. The cost and accumulated depreciation are as follows:

	December 31, 1998		Net Property, Plant and Equipment
	Property, Plant and Equipment - Cost	Accumulated Depreciation	
Land	\$ 88,823	\$ --	\$ 88,821
Buildings	383,513	146,777	236,734
Fire fighting equipment	89,752	83,347	48,485
Bedroom	355,880	217,928	137,957
Trucks and other automobiles	876,400	817,581	58,819
Office furniture and equipment	32,388	18,829	13,559
TOTAL	<u>\$1,786,756</u>	<u>\$1,084,872</u>	<u>\$683,886</u>