

CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marrero-Ragusa Volunteer Fire Company No. 3

Business

I have audited the accompanying statement of financial position of Marrero-Ragusa Volunteer Fire Company No. 3 (a nonprofit organization) as of December 31, 1996, and the related statements of activity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

Taxes

Finance

I conducted my audit in accordance with generally accepted auditing standards. These standards require that I 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. I believe my audit provides a reasonable basis for my opinion.

Estates

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marrero-Ragusa Volunteer Fire Company No. 3 as of December 31, 1996, and the changes in its net assets and cash flows for the year then ended in accordance with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated on all material aspects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued a report dated June 30, 1997, on my consideration of Marrero-Ragusa Volunteer Fire Company No. 3's internal control structure and a report dated June 30, 1997, on its compliance with laws and regulations.

Brian E. Adorno, CPA

June 30, 1997

- Member:
- Indiana Tax Association
- American Institute of Certified Public Accountants
- Indiana Society of Certified Public Accountants

MARRERO BAGUSA
VOLUNTEER FIRE COMPANY NO. 3

STATEMENT OF FINANCIAL POSITION

December 31, 1998

ASSETS	
Cash	\$126,213
Certificates of deposit	188,455
Other receivables	848
Property and equipment, net of accumulated depreciation	449,047
TOTAL ASSETS	\$764,563
LIABILITIES	
Accounts payable	\$14,683
Notes payable, current portion	6,337
Accrued salaries and related taxes	15,688
Compensated absences	9,118
TOTAL LIABILITIES	45,826
NET ASSETS	
Unrestricted	718,689
TOTAL NET ASSETS	718,689
TOTAL LIABILITIES AND NET ASSETS	\$764,563

The accompanying notes are an integral part of this statement.

MARRERO RAULSA,
VOLUNTEER FIRE COMPANY NO. 3

STATEMENT OF ACTIVITY

For the Year Ended December 31, 1998

UNRESTRICTED NET ASSETS

Support	
Firefighting contract	\$732,327
Donated firefighting services	9,670
Interest	11,598
Social funds	36,936
 Total Unrestricted Support	 790,531
Expenses	
Program services - Firefighting	636,029
Supporting services - Management and general	94,747
Supporting services - Social	21,360
 Total Expenses	 752,136
 INCREASE IN UNRESTRICTED NET ASSETS	 98,404
 NET ASSETS AT BEGINNING OF YEAR	 620,298
 NET ASSETS AT END OF YEAR	 718,699

The accompanying notes are an integral part of this statement.

MARRIOTT RAGUSA
VOLUNTEER FIRE COMPANY NO. 3

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	598,404
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	43,576
Decrease (increase) in:	
Other receivables	(848)
Increase (decrease) in:	
Accounts payable	4,535
Accrued salaries	3,556
Compensated absences	1,597
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	150,820
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of short-term investments	(81,240)
Acquisition of equipment	(82,528)
NET CASH USED BY INVESTING ACTIVITIES	(163,768)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds of new borrowings	
Debt reduction	
Short-term	(7,927)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(7,927)
NET INCREASE (DECREASE) IN CASH	(20,875)
CASH AT BEGINNING OF YEAR	157,075
CASH AT END OF YEAR	\$126,200
SUPPLEMENTAL DISCLOSURES	
Interest paid	\$159
Income taxes paid	50

The accompanying notes are an integral part of this statement.

MAHERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 1996

NOTE 1 – DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Activities

Mahero-Ragusa Volunteer Fire Company No. 3 (the Company) was established in 1954 to provide fire-fighting and rescue services to a designated area of the Eighth Fire District in the West Bank of Jefferson Parish, Louisiana (a separate entity). In addition, the Company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The Company maintains three fire stations and has eighteen paid employees and approximately thirty-five volunteers.

Method of Accounting, Revenue Recognition

The Company receives funds from the proceeds of an ad valorem tax, willing and other funding under a contract with the Jefferson Parish Council to support its firefighting and rescue services. Ad valorem tax support is recognized when received by the Company. Expenditures are recorded when the related liability is incurred.

Financial Statement Presentation

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Nonprofit Organizations." Under SFAS No. 117, the Company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Company is required to present a statement of cash flows.

Contributions

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

SFAS No. 116 provides that the value of donated services is to be recognized in financial statements if the services require specialized skills, are provided by persons possessing those skills, and the services would be purchased if they were not donated. The Company's volunteer firefighters undergo extensive specialized training, and the firefighting services would be purchased by the Company or Jefferson Parish if the services were not provided by volunteers. Accordingly, donated firefighting services are recognized in the financial statements at estimated fair value.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 1996

NOTE 1 – DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Company is exempt from income taxes under Internal Revenue Code sections 501(c)(3) as a nonprofit organization and, accordingly, the financial statements do not reflect a provision for income taxes.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash is defined as all unrestricted highly liquid investments with an initial maturity of three months or less.

Property and Equipment

Property and equipment are stated at acquisition cost. The Company capitalizes all property and equipment with an acquisition cost of \$100 or more with an estimated useful life as indicated below. Depreciation is provided for in amounts sufficient to reduce the cost of depreciable property and equipment to operations over their estimated useful lives using the straight-line method. Estimated useful lives of property and equipment are as follows:

Automobiles	3 - 5 years
Furniture and fixtures	5 - 10 years
Fire-fighting and rescue equipment	3 - 12 years
Buildings	35 years
Improvements	15 years

Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments," requires disclosure of the fair value of certain financial instruments. Cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities are reflected in the financial statements at fair value because of the short-term maturity of these instruments.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

MARRERO-RACONA VOLUNTIER FIRE COMPANY NO. 3

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 1996

NOTE 2 - CASH AND SHORT-TERM INVESTMENTS

At December 31, 1996, the Company maintained cash balances and certificates of deposit in three local banks. The certificates of deposit are classified as short-term investments because original maturities exceed three months. The bank balances totaled \$316,893, and the bank balances totaled \$314,668, as follows:

	Bank Balance	Bank Balance
Cash and money market accounts	\$126,213	\$128,427
Certificates of deposit	_188,455	_186,241
Total cash and short-term investments	\$314,668	\$314,668

The bank balance is insured by \$276,816 of federal deposit insurance, leaving \$38,086 uninsured. Pyram Financial Group is segregated from other funds and the bank and bank account balances maintained by the Company are both \$16,736 and are included in the above totals.

NOTE 3 - PROPERTY AND EQUIPMENT

Below is a summary of the Company's property and equipment at December 31, 1996:

Land	\$127,000
Buildings	357,047
Buildings improvements	11,873
Vehicles	252,871
Firefighting equipment	62,894
Communication equipment	70,180
Furniture and fixtures	_62,671
	943,656
Less accumulated depreciation	(494,591)
Net property and equipment	\$449,065

Depreciation totaled \$43,536 for the year ended December 31, 1996.

MARRIAGE-BAGLISA VOLUNTEER FIRE COMPANY NO. 2

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 1996

NOTE 4 - NOTES PAYABLE

Notes payable at December 31, 1996, consist of the following:

Hibernia Bank

Demand note dated June 21, 1995; original balance \$18,000; bears interest at 8.35%; 27 payments of \$734.68, principal and interest, commencing July 21, 1995; secured by certificate of deposit	\$6,356
Less: Amount currently payable	<u>18,250</u>
Long-term portion	<u>\$ 1,894</u>

Due to the demand clause in the above note payable, the maturity as of December 31, 1996, is as follows:

Year Ending December 31	Note Payable
1996	\$6,356

Interest expense for the year ended December 31, 1996, totaled \$199.

NOTE 5 - DONATED SERVICES

Marrige-Baglisa volunteer firefighters responded to calls for service on approximately two hundred twenty-five occasions during 1996. The value of these volunteer services is computed using the average pay for the Company's paid personnel during the year, multiplied by an average response duration of 3.0 hours, with the result multiplied by the number of calls responded to by volunteers during the year. For 1996, the average hourly pay was \$6.81 per hour for straight time, and there were approximately 1,420 responses by volunteer personnel, resulting in a value of approximately \$9,678 for volunteer firefighting services, which is reported as revenue and firefighting expense.

NOTE 6 - ACCRUED ABSENCES

The Company's paid operators accrue vacation at varying rates based on their term of service. At December 31, 1996, six paid employees had accumulated a total of 29,138 of unused vacation.

MARRERO-RACUSA VOLUNTIER FIRE COMPANY NO. 3

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 1994

NOTE 7 - EXPENSES PAID BY OTHERS

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received varies based on years of service. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements.

NOTE 8 - SOCIAL FUNDS

The Company maintains separate funds derived from fund-raising activities, principally an annual haunted house. During the year ended December 31, 1994, the Company collected \$35,996 from social activities, and recognized expenses totaling \$21,280.

NOTE 9 - ECONOMIC DEPENDENCY, FIRE PROTECTION CONTRACT

Substantially all of the Company's public support is derived from funds provided by Jefferson Parish. On September 2, 1994, the Company signed a ten year contract with Jefferson Parish, effective April 1, 1994, under which the Company receives one-third of certain ad valorem taxes assessed within the Eighth Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates.

Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

NOTE 10 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SUPPLEMENTARY INFORMATION

**MARRERO RAGUSA
VOLUNTEER FIRE COMPANY NO. 3**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 1995

EXPENSES	Support Services			Total
	Fire- Fighting	Management and General	Social	
Salaries and Wages	\$330,319	\$15,848	-	\$346,167
Insurance	188,055	-	-	188,055
Depreciation	43,536	-	-	43,536
Repairs - buildings and vehicles	35,147	-	-	35,147
Payroll taxes	26,687	1,302	-	27,989
Donated firefighting services	9,670	-	-	9,670
Telephone and utilities	-	30,134	-	30,134
Social expenses	-	-	\$21,368	21,368
Fire station supplies	22,735	-	-	22,735
Equipment	21,282	-	-	21,282
Radio expense	3,648	-	-	3,648
Compensated absence	1,588	-	-	1,588
Accounting and legal	-	8,088	-	8,088
Fuel	5,534	-	-	5,534
Office expense	-	1,980	-	1,980
Uniforms	7,189	-	-	7,189
Dues and subscriptions	-	1,508	-	1,508
Miscellaneous	-	2,584	-	2,584
Interest expense	-	158	-	158
Training	737	-	-	737
Advertising	-	318	-	318
Bank charges	-	124	-	124
Travel	-	2,642	-	2,642
Total	\$816,029	\$54,743	\$21,368	\$892,140

See Independent Auditor's Report on Supplemental Information.

COMPLIANCE AND INTERNAL CONTROL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Business

To the Board of Directors

Martinez-Raguosa Volunteer Fire Company No. 3

Year

I have audited the financial statements of Martinez-Raguosa Volunteer Fire Company No. 3 (a nonprofit Company) for the year ended December 31, 1996, and have issued my report thereon dated June 30, 1997.

Finance

I conducted my 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 I plan and perform my audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Issues

The management of Martinez-Raguosa Volunteer Fire Company No. 3 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of Martinez-Raguosa Volunteer Fire Company No. 3 for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant

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Assistant Institute of
 Certified Public
 Accountants

Institute Society of
 Certified Public
 Accountants



policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My 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 element 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, I noted other matters involving the internal control structure and its operation that I have reported to the management of Marvco's Ragusa Volunteer Fire Company No. 3, in a separate letter dated June 30, 1997.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Debra E. Adams, CPA

June 30, 1997

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH LAWS AND REGULATIONS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Business

The Board of Directors
Marrero-Ragusa Volunteer Fire Company No. 3

Taxes

I have audited the financial statements of Marrero-Ragusa Volunteer Fire Company No. 3 (a nonprofit Company) as of and for the year ended December 31, 1986, and have issued my report thereon dated June 30, 1987.

Finance

I conducted my 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 I plan and perform my audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

ESG&S

Compliance with laws, regulations, contracts, and grants applicable to Marrero-Ragusa Volunteer Fire Company No. 3 is the responsibility of the Company's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Company's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I 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 the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Brian E. Adorno, CPA

June 30, 1987

BRIAN E. ADORNO

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New Orleans, Louisiana 70112

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Fax: (504) 4 - 0488

June 30, 1997

To the Board of Directors
Marrero-Bugass Volunteer Fire Company No. 3
Marrero, Louisiana

Business

Taxes

Finance

Estates

In planning and performing my audit of the financial statements of Marrero-Bugass Volunteer Fire Company No. 3 for the year ended December 31, 1996, I considered the Organization's internal control structure to plan my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. (I previously reported on the Organization's internal control structure in my report dated June 30, 1997.) This letter does not affect my report dated June 30, 1997, on the financial statements of Marrero-Bugass Volunteer Fire Company No. 3.

I will review the status of these comments during my next audit engagement. My 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 operating efficiencies. I 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. My comments are summarized as follows:

Cash Management

Description

The Company's bank balance in Iberria Bank exceeds federal deposit insurance limits by \$28,066 at December 31, 1996, and the bank has not pledged securities as additional collateral for these funds.

Member
I authorize the distribution

American Institute of
Certified Public
Accountants

Exemption from filing of
Certified Public
Accountant

Recommendation

To minimize the potential for loss of monies in the event of a bank failure, I recommend that bank balances be limited to less than \$100,000 in any one financial institution covered by deposit insurance or the Company make arrangements for a bank to pledge securities as additional collateral for the Company's account.

Annual Budget

Observation

The Company failed to adopt a formal budget of its proposed revenues and expenditures for the year.

Recommendation

I recommend that the company adopt a formal budget of proposed revenues/expenditures for each year prior to the Parish of Jefferson's adoption of its budget for the same year. Under its contract with the Parish of Jefferson for fire fighting services, the Company is obligated to submit budget funding requests to the Parish when a significant increase in expenditures are anticipated for providing fire fighting services. The use of an internal budget is the appropriate manner of demonstrating the increased costs of providing these services.

All other matters which were the subject of comment in the prior year's audit engagement were addressed and rectified during the present audit period.

I wish to thank Ms. Amanda Lee and Mr. Bill Berbic for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.

Doris E. Adams, CPA
A Professional Corporation

New Orleans, Louisiana
June 30, 1997

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**HARRERO-RAGUSA VOLUNTEER FIRE
COMPANY NO. 2**

FINANCIAL STATEMENTS

With Independent Auditor's Report THEREON

YEAR ENDS DECEMBER 31, 1985

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, verify 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 23 1997

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