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REPORT

HARVEY VOLUNTEER FIRE CO., NO. 2

DECEMBER 31, 1987 AND 1988

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MISSISSIPPI ARCHIVES

Under provisions of State law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, evity 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 APR 22 1989

HARVEY BOLINSTEIN FIRE CO., NO 2

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DECEMBER 31, 1987 AND 1986

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INDEPENDENT AUDITOR'S REPORT

March 27, 1998

Board of Directors
Harvey Volunteer Fire Co., No. 2
P. O. Box 1853
Harvey, Louisiana 70058

We have audited the accompanying statements of financial position of Harvey Volunteer Fire Co., No. 2 as of December 31, 1997 and 1996 and the related statements of activities, functional expenses, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Harvey Volunteer Fire Co., No. 2's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. An audit includes examining, on a test basis, evidence supporting the accounts 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 audits provide a reasonable basis for our opinion.

As described in Note 1 and 2 to the financial statements, the Fire company 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.

The Harvey Volunteer Fire Co., No. 2 has not established the cost or estimated cost of the building owned by the corporation. Accordingly, the financial statements do not include in the property, plant and equipment the proper carrying value of the building and other appropriate footnote disclosures, which should be included to conform with generally accepted accounting principles.

In our opinion, except for the omission of the information in the third paragraph, which results in an incomplete presentation, the financial statements referred to above present fairly, in all material respects, the financial position of Harvey Volunteer Fire Co., No. 2 as of December 31, 1997 and 1996, and its changes in net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 27, 1998 on our consideration of the Barvey Volunteer Fire Co., No. 2's internal control over financial reporting and its compliance with certain provisions of laws, regulations, contracts and grants.

Cyphert, Chapman, Hogan & Porter LLP

HARVEY VOLUNTEER FIRE CO., NO. 2
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1997 AND 1996

ASSETS

	1997	1996
CURRENT ASSETS:		
Cash in banks (Notes 1 and 2)	\$ 80,702	\$ 128,394
Cash in savings accounts (Notes 1 and 2)	132,901	153,812
Certificates of deposit (Note 3)	70,500	54,274
Insurance receivable (Note 4)	35,806	—
Prepaid expenses:	3,210	11,518
Total current assets	<u>321,859</u>	<u>347,998</u>
PROPERTY, PLANT AND EQUIPMENT: (Note 3)		
Land and land improvements	15,787	15,787
Furniture and fixtures	49,599	76,499
Autom and trucks	130,511	75,109
Equipment	1,640,688	1,496,332
Building improvements	47,370	47,170
Total	<u>1,763,891</u>	<u>1,650,897</u>
Less: Accumulated depreciation	<u>1,558,985</u>	<u>1,484,700</u>
Net property, plant and equipment	<u>204,906</u>	<u>166,197</u>
TOTAL ASSETS	<u>\$ 526,765</u>	<u>\$ 514,195</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 18,894	\$ 19,318
Salaries payable	28,061	9,547
Credit Union and life insurance payable	245	1,885
Due to employees	609	607
Insurance claims payable (Note 4)	<u>32,737</u>	<u>35,434</u>
Total current liabilities	<u>79,546</u>	<u>66,791</u>
NET ASSETS:		
Unrestricted	<u>480,533</u>	<u>468,430</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 526,765</u>	<u>\$ 514,195</u>

See accompanying notes.

HAWKEYE VOLUNTEER FIRE CO., NO. 2
STATEMENTS OF ACTIVITIES
(FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006)

	2007	2006
UNRESTRICTED NET ASSETS:		
REVENUE: (Note 1)		
Jefferson Parish millage	\$ 1,011,000	\$ 1,004,291
Jefferson Parish sales tax	10,000	11,487
Miscellaneous	4,250	4,136
Fund raising	150	3,305
Sale of assets	4,450	3,650
Insurance rebate	67,947	40,069
Interest	7,178	8,525
Other Parish revenues	25,438	72,660
Rental	6,800	2,712
Total revenue	<u>1,137,948</u>	<u>1,207,717</u>
EXPENSES:		
Firefighting	1,098,607	1,094,600
Support services:		
Administrative and general	37,737	37,164
Total expenses	<u>1,095,344</u>	<u>1,131,764</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>22,201</u>	<u>75,951</u>
Net assets beginning of year, as previously reported	468,430	340,818
Prior period adjustment (Note 6)	—	49,581
Net assets beginning of year, as restated	<u>468,430</u>	<u>390,399</u>
NET ASSETS END OF YEAR	<u>\$ 490,631</u>	<u>\$ 466,350</u>

See accompanying notes.

HAWKEY VOLUNTEER FIRE CO., NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1992

	FIREIGHTING	ADMINISTRATIVE AND GENERAL	TOTAL
EXPENSES:			
Accounting and legal	\$ 3,481	\$ 1,988	\$ 7,459
Bank charges	48	—	48
Convention, seminars and classes	16,851	604	17,455
Copy machine	907	33	940
Depreciation	80,363	2,214	82,577
Dues and subscriptions	3,130	114	3,244
Meals and entertainment	12,197	480	12,677
Fire equipment	215	8	223
Fuel	13,131	—	13,131
Gifts and flowers	685	32	717
Interest	—	—	—
Insurance	141,454	5,130	146,584
Medical supplies	488	—	488
Miscellaneous	15,304	555	15,859
Office supplies	4,254	124	4,378
Payroll processing	2,763	100	2,863
Payroll taxes	43,397	1,691	45,088
Postage	1,344	45	1,389
Promotional	2,388	101	2,489
Repairs and maintenance	23,674	857	24,531
Radio	7,195	—	7,195
Salaries	698,482	21,788	720,270
Telephones and utilities	24,385	884	25,269
Uniforms	5,343	—	5,343
Vehicle repairs	56,929	—	56,929
TOTAL EXPENSES	\$ 1,698,167	\$ 32,232	\$ 1,730,399

See accompanying notes.

BAGNEY VOLUNTEER FIRE CO., NO. 2
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1996

EXPENSES:	FIRE FIGHTING	ADMINISTRATIVE AND GENERAL	TOTAL
Accounting and legal	\$ 5,564	\$ 2,000	\$ 7,564
Bank charges	--	--	--
Convention, seminars and classes	8,788	350	9,138
Copy machine	808	80	888
Depreciation	60,609	3,667	64,276
Dues and subscriptions	3,289	116	3,405
Meals and entertainment	4,945	179	5,124
Fire equipment	--	--	--
Fuel	13,188	--	13,188
Gifts and flowers	1,498	50	1,548
Interest	12,017	438	12,455
Insurance	181,686	6,735	188,421
Medical supplies	1,775	--	1,775
Miscellaneous	81,752	788	82,540
Office supplies	6,608	246	6,854
Payroll processing	2,604	94	2,698
Payroll taxes	49,817	1,468	51,285
Postage	374	35	409
Professional	2,151	78	2,229
Repairs and maintenance	28,325	1,819	30,144
Raffles	2,381	--	2,381
Salaries	538,685	19,475	558,160
Telephones and utilities	29,485	1,665	31,150
Uniforms	7,579	--	7,579
Vehicle repairs	94,290	--	94,290
TOTAL EXPENSES	\$ 1,891,682	\$ 37,184	\$ 1,928,866

See accompanying notes.

MARSH VOLUNTEERS FIRE CO., NO. 2
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998

	1997	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in unrestricted net assets	\$ 22,701	\$ 76,831
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation	63,261	65,826
Gain on sale of property and equipment	(4,453)	(3,850)
Interest income on certificates of deposit	(2,228)	(2,846)
(Increase) decrease in prepaid expenses	7,868	(25,667)
(Increase) decrease in other assets	—	353
(Increase) decrease in insurance accounts receivable	(36,644)	—
(Increase) decrease in receivable from Jefferson Parish	—	90,268
Increase (decrease) in salaries payable	33,515	(10,708)
Increase (decrease) in accounts payable	(8,474)	16,338
Increase (decrease) in insurance claims payable	7,333	5,268
Increase (decrease) in credit union and life insurance payable	(840)	(21)
Increase (decrease) in due to employees	—	607
Net cash provided by operating activities	<u>78,470</u>	<u>236,428</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	4,450	3,650
Purchase of certificates of deposit	(13,080)	(35,800)
Purchase of property and equipment	(116,021)	(72,508)
Redemptions of certificates of deposit	—	48,000
Net cash used in investing activities	<u>(124,651)</u>	<u>(56,658)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease	—	(155,600)
Net cash used in financing activities	<u>—</u>	<u>(155,600)</u>
NET INCREASE (DECREASE) IN CASH	(46,181)	75,770
Cash and cash equivalents at beginning of year	<u>262,706</u>	<u>186,936</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 216,525	\$ 262,706

See accompanying notes.

**HERVEY VOLUNTEER FIRE CO., NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

ORGANIZATION:

The fire department was organized on July 8, 1906 to provide the citizens in the Sixth Fire Protection District with fire protection and related services. The department is under a ten (10) year contract signed February 14, 1994 and effective for the period April 1, 1994 through March 31, 2004, with Jefferson Parish to provide fire protection to the Sixth Fire Protection District. The majority of the fire department's revenue is derived from this contract. The department also responds to emergencies consisting of floods, hurricanes, etc. The department consists of three fire stations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Presentation:

Effective January 1, 1996, the fire company's policy is to prepare financial statements on the accrual basis. Under that basis, revenues are recognized when earned and expenses are recognized when incurred.

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

The statement of activities presents expenses of the fire department's operations functionally between program services for firefighting and administrative and general. 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 current contract for the period April 1, 1998 through March 31, 2004, 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 Sixth Fire Protection District. In addition, the fire department receives quarterly subsidies per fire station.

Effective January 1, 1996, the Jefferson Parish Millage Assessment that is allocated to the Sixth Fire Protection District increased from 10 mills to 12 mills. The increase in the millage assessment was approved by a public election held on July 21, 1996. The amount received and used for operations was \$1,311,080 and \$1,054,250 for 1997 and 1998, respectively.

HARVEY VOLUNTARY FIRE CO., NO. 2
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1997 AND 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the fire department has defined cash and cash equivalents as all items on the statement of financial position identified as cash in banks and savings accounts as follows:

	1997	1996
Cash in banks	\$ 86,708	\$109,394
Cash in savings accounts	137,931	133,813
	<u>\$224,639</u>	<u>\$243,207</u>

Supplemental Disclosures of Cash Flow Information:

	1997	1996
Cash paid during the year for:		
Interest	\$ --	\$ 12,535
Taxes	--	--
Non-cash investing activities:		
Interest income on certificates of deposit rolled over	\$ 3,226	\$ 2,945

Property, Plant and Equipment:

Property, plant and equipment consists of automobiles, fire trucks, building improvements, fire equipment and office equipment which are all carried at cost, and are being depreciated over their estimated useful lives using accelerated methods. Equipment contains property obtained under a capital lease in the amount of \$212,184. Payments due under the capital lease were satisfied as of December 31, 1996. Accumulated amortization is included in accumulated depreciation. Depreciation expense for the years ended December 31, 1997 and 1996 was \$83,261 and \$66,906, respectively. The cost and accumulated depreciation are as follows:

	December 31, 1997		
	Property, Plant and Equipment - Cost	Accumulated Depreciation	Net Property, Plant and Equipment
Land and land improvements	\$ 15,787	\$ 2,468	\$ 13,322
Furniture and fixtures	49,665	36,601	13,064
Auto and trucks	119,931	54,066	65,865
Equipment	1,463,625	1,707,767	69,668
Building improvements	109,382	89,689	19,693
	<u>\$1,763,041</u>	<u>\$1,390,592</u>	<u>\$212,028</u>

HARVEY VOLUNTEER FIRE CO., NO. 2
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1992 AND 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

Property, Plant and Equipment: (Continued)

	December 31, 1990		
	Property, Plant and Equipment - Cost	Accumulated Depreciation	Net Property, Plant and Equipment
Land and land improvements	\$ 15,787	\$ 1,479	\$ 14,308
Furniture and fixtures	35,693	24,080	11,613
Auto and trucks	75,187	52,240	22,947
Equipment	1,495,332	1,398,744	96,588
Building improvements	43,129	5,233	37,896
	<u>\$1,665,028</u>	<u>\$1,482,736</u>	<u>\$182,292</u>

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. CASH:

Deposits are carried at cost.

	RATE OF INTEREST	RECONCILED BALANCE DECEMBER 31, 1992	RATE OF INTEREST	RECONCILED BALANCE DECEMBER 31, 1990
<u>Whitney National Bank</u>				
Operating	--	\$ 1,145	--	\$ 1,302
Payroll	--	80,803	--	7,289
Fund raising	--	350	--	1,167
General fund	--	25,252	--	107,294
Insurance disbursement	--	383	--	7,582
		<u>\$108,233</u>		<u>\$125,534</u>
<u>Cash - Savings</u>				
Whitney National Bank - Hospitalization	2.40%	\$ 28,268	2.75%	\$ 34,740
Whitney National Bank - Marely #2	2.80%	24,068	2.50%	37,044
Whitney National Bank - Sixth District	2.75%	71,555	2.75%	85,325
		<u>\$123,891</u>		<u>\$157,109</u>

HARVEY VOLUNTEER FIRE CO., NO. 2
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1997 AND 1998

2. CASH: (Continued)

As shown above, for the years ended December 31, 1997 and 1998, the fire department maintained its cash balances in one financial institution located in the New Orleans Area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At various times throughout the year balances at the financial institution were above the \$100,000 amount insured by the FDIC. At December 31, 1997 and 1998, the fire department's uninsured bank balances total \$206,769 and \$189,100, respectively.

3. CERTIFICATES OF DEPOSIT:

	RATE OF INTEREST <u>1997</u>	1997	RATE OF INTEREST <u>1998</u>	1998
Certificates of Deposits:				
Europa Homestead Society				
Maturing 2/15/98				
(6 months)	4.10%	\$ 31,722	4.75%	\$ 11,213
Maturing 2/09/98				
(6 months)	4.30%	5,909	5.00%	5,028
Maturing 2/14/98				
(6 months)	4.10%	29,607	4.75%	22,820
Maturing 8/17/98				
(12 months)	4.50%	16,176	4.50%	16,415
Maturing 3/07/98				
(60 months)	5.00%	13,656	---	---
		<u>\$ 78,066</u>		<u>\$ 54,476</u>

4. SELF INSURANCE:

Harvey Volunteer Fire Company No. 2 has a self-insurance hospitalization plan. The self-insurance program involves co-insurance with an independent insurance company. The fire department is responsible for 50% of the first \$10,000 of claims per individual up to an aggregate amount of \$50,000. Any claim in excess of \$10,000 or the aggregate is covered by the insurance company. The estimated claims payable for incurred but not reported claims at December 31, 1997 and 1998 was \$22,737 and \$25,404, respectively. These amounts are reflected as current liabilities on the statements of financial position.

During 1997, Harvey Volunteer Fire Company No. 2 paid claims that exceeded the company's self insurance liability. These claims are due to Harvey Volunteer Fire Company No. 2 from the insurance company. The receivable amount at December 31, 1997 is \$55,648 and is reflected as a receivable on the statement of financial position.

5. INCOME TAXES:

The fire department is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(13).

HARVEY VOLUNTEER FIRE CO., NO. 2
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996

6. PREVIOUS PERIOD ADJUSTMENT:

Effective January 1, 1996, the department changed from the modified cash basis of financial reporting to the accrual basis.

In 1996, unrestricted net assets at the beginning of the year were increased by \$49,581 as a result of the change to the accrual method.

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, 1997 and 1996, 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 disclosure 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 those estimates.

9. RECLASSIFICATIONS:

Certain amounts from 1996 have been reclassified to conform to the 1997 presentation. These reclassifications had no effect on total assets, liabilities or net assets of the fire department for 1996.

**BARREY VOLUNTEER FIRE CO., NO. 2
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

March 27, 1999

To the Board of Directors
Harvey Volunteer Fire Co., No. 2

We have audited the financial statements of Harvey Volunteer Fire Co., No. 2 (a nonprofit organization) as of and for the year ended December 31, 1998, and have issued our report thereon dated March 27, 1999. In our report, our opinion was qualified because the Harvey Volunteer Fire Co. No. 2 has not established the cost or estimated cost for the building owned by the corporation. Accordingly, the financial statements do not include in the property, plant and equipment the proper carrying value of the building and other appropriate footnote disclosures, which should be included to conform with generally accepted accounting principles.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Harvey Volunteer Fire Co., No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Harvey Volunteer Fire Co., No. 2's internal control over financial reporting 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have noted in the following paragraphs.

Harvey Volunteer Fire Co., No. 2 paid pay and bonuses during 1990. These bonuses were not reported on employees W-2's and related payroll taxes were not withheld. We recommend that the company report all employee wages to the payroll service to ensure proper withholdings and reporting of employee wages.

Harvey Volunteer Fire Co. No., 2 did not maintain summary minutes of Board of Directors Meetings for six of the meetings held during the year. We recommend the Fire Department maintain minutes for each meeting of the Board of Directors.

As noted in the prior year Harvey Volunteer Fire Co., No. 2 maintains cash balances at one financial institution located in the New Orleans area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At various times during the year cash balances exceeded the insured amount. At December 31, 1989 and 1990 the fire department's uninsured bank balances amounted to \$126,399 and \$189,382, respectively. We recommend the fire department consider investing funds in a manner as to not exceed FDIC insurance.

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

Daphne, Thompson, Wagon & Porter LLP



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March 27, 1998

Legislative Auditor
Baton Rouge, LA 70804

Dear Sir or Madam:

SCHEDULES AND DATA COLLECTION FORM
SECTION 3 - SUMMARY OF AUDITOR'S REPORTS

A. FINANCIAL STATEMENT AUDIT OPINION

We have audited the financial statements of the Harvey Volunteer Fire Co., No. 2 as of and for the year ended December 31, 1997, and have issued our report thereon dated March 27, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our audit as of December 31, 1997 resulted in a qualified opinion.

The opinion was qualified because the Harvey Volunteer Fire Co., No. 2 has not established the cost or estimated cost of the building owned by the corporation. Accordingly, the financial statements do not include in the property, plant and equipment, the proper carrying value of the building and other appropriate footnote disclosure, which should be included in conformity with generally accepted accounting principles.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS

Internal Control
Reportable weaknesses: none noted
Reportable conditions: none noted

Compliance
Noncompliance material to financial statements: none noted

SECTION 2 FINANCIAL STATEMENT FINDINGS**CURRENT YEAR FINDINGS:****1) Wages Paid:**

A portion of December wages were paid to employees which were not reported to the payroll service. These wages were applied from the employees W-2's. Also, the related payroll taxes were not withheld from the wages.

Management's policy is that all wages will be reported to the payroll service. The Fire Company will review its policies relating to payroll and report all wages to the payroll service. Reporting of payroll expenses to the payroll service will be handled by Paulette Gaidry. All payments to employees will be reported to the payroll service for the year ended December 31, 1998.

2) Board Minutes:

A summary of board minutes was not recorded for six of the meetings held during the year ended December 31, 1997.

The Fire Company previously kept minutes on computer, and due to computer problems, the above board minutes were lost. Subsequent to the computer problems, a hard copy of board minutes are now being kept on file at the fire department. This file is being maintained by Paulette Gaidry.

PREVIOUS YEAR FINDINGS:**1) Cash Balances:**

The Harvey Volunteer Fire Co., No. 2 maintains cash balances at one financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC).

At December 31, 1997, the Fire Company had amounts in excess of the FDIC insured limit of \$100,000. The Fire Company periodically reviews cash balances and officers amounts in excess of insured limits.

Sincerely,

DUPONTIER, HOFFMANN, HOGAN & BARRIS, LLP


Lindsay J. Gales, CPA
Partner