

8219
98600601

RECEIVED
ST. LOUIS
FEB 22 1967

OFFICIAL
FILE COPY

DO NOT SEND OUT

(When necessary
reprint from this
copy and PLACE
BACK in FILE)

R E P O R T

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

DECEMBER 31, 1967 AND 1966

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. This 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 08 1968

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

REPORT INDEX

DECEMBER 31, 1960 AND 1959

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 12
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.....	13 - 14



MICHAEL J. COCHRAN, C.P.A.
WILLIAM D. DEANE, C.P.A.
FRANCIS J. GIBSON, III, C.P.A.

DAVID J. HUBBARD, C.P.A.
TIMOTHY J. FOLEY, C.P.A.
DUSTY D. COLEMAN, C.P.A.
ANDREW J. WILKINS, C.P.A.
DAVID A. STEINBERG, C.P.A.
MICHAEL M. FERNANDEZ, C.P.A.

CHARLES J. BARNES, C.P.A.

1140 Poydras St., Suite 2000 • New Orleans, LA 70112
(504) 586-8868
Fax (504) 523-3888

ANDREW J. GIBSON, III, C.P.A.
Partner

JOE COCHRAN, III, C.P.A.
Partner
DAVID J. HUBBARD, C.P.A.
Partner
MICHAEL J. WILKINS, C.P.A.
Partner

ANDREW J. BARNES, C.P.A.
Partner
TIMOTHY J. FOLEY, C.P.A.
Partner
DUSTY D. COLEMAN, C.P.A.

INDEPENDENT AUDITOR'S REPORT

April 23, 1998

Board of Directors
Third District Volunteer Fire Department
10423 Jefferson Highway
River Ridge, Louisiana 70123

We have audited the accompanying statements of financial position of Third District Volunteer Fire Department 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 Third District Volunteer Fire Department'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. 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 audits provide a reasonable basis for our opinion.

As described in Note 1 and 7 to the financial statements, as of January 1, 1998, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Third District Volunteer Fire Department 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 April 21, 1998 on our consideration of the Third District Volunteer Fire Department's internal control over financial reporting and its compliance with certain provisions of laws, regulations, contracts and grants.

Dupontree, Chapman, Morgan & Parker LLP

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1997 AND 1996

ASSETS

	1997	1996
CURRENT ASSETS:		
Cash and cash equivalents	\$ 690,379	\$ 563,625
Prepaid insurance	34,189	39,723
Deposit on fire truck	60,349	--
Prepayments to Length of Service Award Program	32,035	13,946
Total current assets	<u>816,952</u>	<u>617,294</u>
PROPERTY, PLANT AND EQUIPMENT: (Note 2)		
Land	68,621	68,621
Buildings	413,188	383,513
Fire fighting equipment	118,082	99,752
Radios	271,029	266,860
Trucks and other automobiles	233,844	870,500
Office furniture and equipment	44,751	32,508
Total	<u>1,108,515</u>	<u>1,701,754</u>
Less accumulated depreciation	<u>(1,334,123)</u>	<u>(1,084,876)</u>
Net property, plant and equipment	<u>774,392</u>	<u>616,878</u>
Other assets	<u>2,456</u>	<u>1,528</u>
TOTAL ASSETS	\$ 1,593,800	\$ 1,235,699

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 22,283	\$ 8,462
Accrued insurance proceeds	700	700
Wages payable	16,800	--
Payroll taxes payable	2,848	1,000
Annual leave payable (Note 4)	26,810	22,829
Due to employees	28	617
Total current liabilities	<u>68,669</u>	<u>33,608</u>
LONG TERM LIABILITIES:		
Length of Service Award Program (Note 10)	<u>10,846</u>	<u>17,419</u>
Total long term liabilities	<u>10,846</u>	<u>17,419</u>
TOTAL LIABILITIES	79,515	51,027
NET ASSETS:		
Restricted	<u>1,471,864</u>	<u>1,184,672</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,551,380	\$ 1,235,699

See accompanying notes.

THIRD DISTRICT VOLUNTARY FIRE DEPARTMENT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998

	1997	1998
UNRESTRICTED NET ASSETS:		
REVENUE: (Note 1)		
Jefferson Parish millage	\$ 664,000	\$ 854,614
Jefferson Parish sales tax and contribution	52,000	52,000
Jefferson Parish service charge	218,000	270,000
Insurance rebates	68,189	64,186
Interest	24,829	17,660
Gain on disposal of asset	9,625	—
Miscellaneous	644	2,460
Total revenue	<u>1,037,245</u>	<u>1,257,860</u>
EXPENSES: (Pages 5 and 6)		
Administration	30,741	26,508
Firefighting	<u>1,000,964</u>	<u>938,590</u>
Total expenses	<u>1,031,705</u>	<u>965,098</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>21,245</u>	<u>382,870</u>
Net assets, beginning of year, as previously reported	1,440,719	1,168,238
Prior period adjustment (Note 3)	—	34,644
Net assets beginning of year, as restated	<u>1,440,719</u>	<u>1,137,649</u>
NET ASSETS, END OF YEAR	\$ <u>1,461,964</u>	\$ <u>1,460,329</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1997

	ADMINISTRATION	FIREFIGHTING	TOTAL
Manpower	\$ 18,400	\$ 652,883	\$ 671,283
Insurance	2,800	69,183	71,983
Utilities	818	30,743	31,561
Fire prevention work	--	1,430	1,430
Operating materials	--	19,548	19,548
Maintenance materials	--	26,690	26,690
Depreciation (Note 2)	2,577	86,796	89,373
Stationery and office supplies	4,185	--	4,185
Miscellaneous	250	8,416	8,666
Beverages	--	8,983	8,983
Travel, entertainment, awards and banquet	410	13,722	14,132
Legal and accounting fees	185	10,247	10,432
Personal safety equipment	--	18,720	18,720
Breathing apparatus	--	1,352	1,352
First aid supplies	--	1,242	1,242
Vehicle maintenance	--	27,688	27,688
Oil and gas	--	9,622	9,622
Major repairs and maintenance	--	5,986	5,986
Software and films	--	4,851	4,851
Length of Service Award Program (Note 3)	--	24,757	24,757
Volunteers recruitment	60	1,992	2,052
Wellness program	--	6,388	6,388
TOTAL	\$ 28,241	\$ 1,038,069	\$ 1,066,310

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR (END) DECEMBER 31, 1998

	ADMINISTRATION	FIREFIGHTING	TOTAL
Manpower	\$ 26,056	\$ 640,960	\$ 667,016
Insurance	2,386	73,177	75,563
Utilities	827	27,677	28,504
Fire prevention work	--	2,080	2,080
Operating materials	--	14,635	14,635
Maintenance materials	--	26,713	26,713
Depreciation (Note 2)	2,482	85,407	87,889
Stationery and office supplies	4,007	--	4,007
Miscellaneous	148	4,462	4,610
Beverages	--	8,270	8,270
Travel, entertainment, awards and banquet	408	16,846	17,254
Legal and accounting fees	148	4,873	5,021
Personal safety equipment	--	38,414	38,414
Breathing apparatus	--	3,883	3,883
First aid supplies	--	2,581	2,581
Vehicle maintenance	--	37,726	37,726
Oil and gas	--	18,682	18,682
Interest expense	64	2,880	2,944
Major repairs and maintenance	--	8,079	8,079
Software and files	--	1,786	1,786
Length of Service Award Program (Note 10)	--	53,749	53,749
Volunteers recruitment	20	688	708
TOTAL	\$ 28,586	\$ 946,540	\$ 975,126

See accompanying notes.

THIRD DISTRICT VOLUNTARY FIRE DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in unrestricted net assets	\$ 36,245	\$ 300,600
Adjustments to reconcile increase in unrestricted net assets to cash provided by operating activities:		
Depreciation	88,873	88,873
Gain on disposal of asset	(9,623)	—
(Increase) decrease in prepaid insurance	5,062	(4,647)
Increase in prepayments to Length of Service Award Program	(18,189)	(13,645)
Increase in deposits on fire truck	(68,749)	—
(Increase) decrease in other assets	(508)	1,694
Increase in accounts payable	13,814	8,467
Increase in payroll taxes payable	3,738	5,535
Increase in wages payable	18,969	—
Increase in annual leave payable	3,704	11,175
Increase in Length of Service Award Programs	3,297	17,439
Increase (decrease) in due to employees	(661)	179
Decrease in unexpended insurance proceeds	—	(758)
Net cash provided by operating activities	<u>72,422</u>	<u>413,960</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(141,736)	(41,736)
Proceeds received from insurance company for disposal of asset	13,172	—
Net cash used in investing activities	<u>(128,564)</u>	<u>(41,736)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	—	(46,831)
Net cash used in financing activities	<u>—</u>	<u>(46,831)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(56,142)</u>	<u>325,393</u>
Cash and cash equivalents at beginning of year	<u>753,528</u>	<u>427,589</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 697,386</u>	<u>\$ 753,528</u>

See accompanying notes.

THIRD DISTRICT VOLUNTIER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

ORGANIZATION:

The fire department was organized in 1961 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 ten year contract with Jefferson Parish to provide fire protection to the Third District. The contract became effective on April 24, 1996 and ends on April 24, 2006. 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, 1996, 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, 1983 the 30-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 \$250 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 \$1,000 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue: (Continued)

- B) Jefferson Parish Service Charge - Effective January 1, 1998 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:

	1997	1996
Cash on hand	\$ 637	\$ 637
Cash and cash equivalents on banks	599,159	624,350
Cash held by insurance company	158,875	88,588
	<u>\$866,671</u>	<u>\$713,575</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:		
Interest	\$ ---	\$ 2,882
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 years ended December 31, 1997 and 1996 were \$86,873 and \$85,829, respectively. The cost and accumulated depreciation are as follows:

	December 31, 1997	
	Property, Plant and Equipment - Cost	Net Property, Plant and Equipment
	Accumulated Depreciation	
Land	\$ 88,873	\$ 88,873
Buildings	413,108	263,352
Fire fighting equipment	118,892	61,960
Rescue	271,804	225,367
Trucks and other automobiles	501,814	424,804
Office furniture and equipment	48,753	21,812
TOTAL	<u>\$1,843,844</u>	<u>\$763,866</u>

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDING 31, 1997 AND 1996

2. PROPERTY, PLANT AND EQUIPMENT: (Continued)

	December 31, 1996		
	Property, Plant and Equipment - Cost	Accumulated Depreciation	Net Property, Plant and Equipment
Land	\$ 88,671	\$ --	\$ 88,671
Buildings	389,711	146,717	236,714
Fire fighting equipment	59,752	55,942	45,406
Boats	255,883	217,926	37,957
Trucks and other automobiles	818,581	617,599	249,816
Office furniture and equipment	18,688	16,228	2,479
<u>TOTAL</u>	<u>\$1,710,176</u>	<u>\$1,064,812</u>	<u>\$685,364</u>

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 years ended December 31, 1997 and 1996, the amount of accrued annual leave was \$28,631 and \$27,829, respectively.

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 the years ended December 31, 1997 and 1996, the amount of pension expense was \$27,129 and \$26,816, respectively.

6. COMMITMENT OF CASH AND CASH EQUIVALENTS:

At various times during 1997 and 1996, the fire department had on deposit cash and cash equivalents in excess of FDIC insurance limits.

**THIRD DISTRICT VOLUNTIER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996**

7. CHANGE IN ACCOUNTING PRINCIPLES:

In 1995, the fire department elected to adopt Statement of Financial Accounting Standards (SFAS) No. 137, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 137, 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

9. PRIOR PERIOD ADJUSTMENT:

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

Accordingly, unrestricted net assets at the beginning of the year has been increased by \$24,814 as a result of the change to the accrual method.

10. LENGTH OF SERVICE AWARD PROGRAM:

Effective March 1, 1995, 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 \$55,985. 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 \$5,307.

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:

	<u>1997</u>	<u>1996</u>
Service and interest cost of the current period	\$ 18,500	\$ 40,024
Actual interest credited	(5,383)	(8,327)
Amortization of unrecognized prior service costs	6,307	6,307
Life insurance premiums	5,499	7,820
Administrative fee	206	225
PROGRAM (2PENSE)	<u>\$ 24,839</u>	<u>\$ 31,759</u>

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

18. LENGTH OF SERVICE AWARD PROGRAM (Continued)

The following sets forth the funded status of the plan as of December 31, 1997 and December 31, 1998:

	<u>1997</u>	<u>1998</u>
Actuarial present value of accumulated plan benefits for service rendered to date:		
Vested	\$166,813	\$173,082
Non-vested	<u>3,808</u>	<u>3,808</u>
	<u>\$170,621</u>	<u>\$176,890</u>
Actuarial present value of projected benefit obligation	\$261,715	\$266,969
Plan assets at fair value (included in cash on the statements of financial position)	(108,923)	(106,908)
Plan assets in deficit of projected benefit obligation	152,792	160,071
Unrecognized prior service costs	<u>151,368</u>	<u>152,628</u>
UNFUNDED PROGRAM COST	\$ 3,373	\$ 10,199
Accumulated plan benefits	\$170,815	\$173,082
Less: Unrecognized prior service cost	<u>151,368</u>	<u>152,628</u>
PROGRAM LIABILITY	\$ 19,447	\$ 20,412

19. RECLASSIFICATIONS:

Certain amounts from 1995 have been reclassified to conform to the 1997 presentation. These reclassifications had no effect on total assets, liabilities or net assets for the fire department for 1995.

THIRD DISTRICT 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, 1997

April 21, 1998

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, 1997, and have issued our report thereon dated April 21, 1998.

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 Third District Volunteer Fire Department'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 Third District Volunteer Fire Department'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.

During the prior year audit we noted that the fire department had established a length of service award program for the volunteers. We recommended the fire department consult their attorney with regards to the establishment of this program. The fire department reviewed the program with their attorney during 1987.

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.

Duplantis, Dupre, Hogan & Porter LLP