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WARREN-ESTELLE VOLUNTEER FIRE
COMPANY NO. 2
WARREN, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1967

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Release Date JUL 11 1968

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors of
Morrero-Estelle Volunteer Fire Company No. 1
Morrero, Louisiana

We have audited the accompanying general purpose financial statements of Morrero-Estelle Volunteer Fire Company No. 1, Morrero, Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. These financial statements are the responsibility of the Volunteer Fire Company'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 the standards applicable to financial audits contained in 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 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Morrero-Estelle Volunteer Fire Company No. 1, as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 1998, on our consideration of Morrero-Estelle Volunteer Fire Company No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

James L. Butler, Arsenault & Bowen
Morrero, Louisiana
June 10, 1998

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1997

| | Investments \$000.000 | Accounts—Assets | | Total \$000.000 |
|---|--------------------------|---------------------|---------------------------|---------------------|
| | | General | General Long Term Debt | |
| ASSETS AND OTHER DEBITS | | | | |
| Cash, including \$271,426 in savings accounts and certificates of deposit | 827,571 | \$ -0- | \$ -0- | \$ 827,571 |
| Security deposits on insurance policy | 3,506 | -0- | -0- | 3,506 |
| Approved interest free notes | 170 | -0- | -0- | 170 |
| Fixed assets | -0- | 1,883,629 | -0- | 1,883,629 |
| Amount to be provided for retirement of general long-term debt | -0- | -0- | 300,162 | -300,162 |
| Total assets and other debits | 827,571 | \$ 1,883,629 | \$ 300,162 | \$ 4,011,332 |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 12,778 | \$ -0- | \$ -0- | \$ 12,778 |
| Federal and state withholding tax | 5,491 | -0- | -0- | 5,491 |
| Accrued liability | -0- | -0- | -0- | -0- |
| Fund on plan contribution | 14,400 | -0- | -0- | 14,400 |
| Compensated absences | 11,240 | -0- | -0- | 11,240 |
| Notes payable | -0- | -0- | 300,162 | 300,162 |
| Total liabilities | 43,909 | -0- | 300,162 | 344,071 |
| Equity and other credits | | | | |
| Investment in general fixed assets | -0- | 1,883,629 | -0- | 1,883,629 |
| Fund balances | | | | |
| Reserves for security deposits | 3,506 | -0- | -0- | 3,506 |
| Unexpended | 20,944 | -0- | -0- | 20,944 |
| Grants received | 381,871 | -0- | -0- | 381,871 |
| Total fund balances | 207,321 | -0- | -0- | 207,321 |
| Total equity and other credits | 207,321 | 1,883,629 | -0- | 2,090,950 |
| Total liabilities, equity and other credits | 251,230 | \$ 1,883,629 | \$ 300,162 | \$ 4,011,332 |

The accompanying notes are an integral part of this statement.

WARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year ended December 31, 1987

Revenues:

Intergovernmental:

| | | |
|--|---------------|---------------|
| From Jefferson Parish: | | |
| Contractual services | 5815,358 | |
| Subsidies for maintenance and operations | <u>29,850</u> | \$ 654,314 |
| State supplemental pay | | 39,308 |
| Interest | | 1,408 |
| Miscellaneous | | <u>21,927</u> |
| Total revenues | | 920,957 |

Expenditures:

Current operating:

| | | |
|--|---------------|---------|
| Salaries, including state supplemental pay of \$19,386 | 551,299 | |
| Contract labor | 1,875 | |
| Contributions to pension plan | 14,602 | |
| Employee benefits | 28,899 | |
| Fire prevention and training | 1,264 | |
| Fuel | 3,914 | |
| Insurance | 61,715 | |
| Miscellaneous | 39,500 | |
| office | 2,335 | |
| Professional fees | 6,158 | |
| Payroll taxes | 25,327 | |
| Repairs, maintenance and supplies: | | |
| Equipment | 35,725 | |
| Fire stations | 17,382 | |
| Vehicles | 21,820 | |
| Utilities | 30,420 | |
| Uniforms | 1,825 | |
| Capital outlay: | | |
| Purchases of equipment | 60,426 | |
| Debt services: | | |
| Principal retirement | 99,842 | |
| Interest charges | <u>22,165</u> | |
| Total expenditures | | 988,263 |

| | |
|--------------------------------------|------------------|
| Excess of revenues over expenditures | 32,694 |
| Fund balance at beginning of year | <u>178,427</u> |
| Fund balance at end of year | <u>\$211,321</u> |

The accompanying notes are an integral part of this statement.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS
December 31, 1997

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marrero-Estelle Volunteer Fire Company No. 1 (the Fire Company) was created in 1981 under the non-profit corporation provisions of Louisiana Revised Statutes 12:302. The Fire Company contracts with the Parish of Jefferson, State of Louisiana to provide fire protection and related services to a portion of the 8th Fire Protection District of the Parish of Jefferson.

Because the Fire Company receives the vast majority of its financial support from the Parish of Jefferson to provide a public service, it is considered a quasi-public entity for financial reporting purposes. Accordingly, the accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies applied in the preparation of the accompanying general purpose financial statements are described as follows:

- A. Financial Reporting Entity. The accompanying general purpose financial statements include all funds and account groups which are controlled by the Fire Company. Control is based on application of the criteria established by the GASB for determining the reporting entity. The basic criteria, but not the only, is the ability to exercise oversight responsibility. Oversight responsibility is derived from, among other things, the ability to significantly influence operations. Based on the foregoing criteria, there are no component units which have been combined with the Fire Company to form the reporting entity, nor are there any potential component units which should be combined with the Fire Company to form the reporting entity.
- B. Fund Accounting. The accounts of the Fire Company are organized on a fund and account group basis, each of which is considered a separate accounting entity, with a separate set of self-balancing accounts which comprise the assets, liabilities, fund equity, revenues and expenditures. The Fire Company has only one fund, the General Fund, which is used to account for all of its financial resources.

WARRIHO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1997

- C. Basis of Accounting. The Fire Company's accounting records for its General Fund are maintained on the cash basis of accounting. For financial reporting in conformity with generally accepted accounting principles, the accounting records are converted to the modified accrual basis under which revenues and expenditures are recognized as follows.

Revenues. The Fire Company has an agreement with The Parish of Jefferson under which the Fire Company is to provide fire protection and related services in a specifically designated area of Fire Protection District No. 8. The agreement provides that the Fire Company is to receive from the Parish a sum of money in monthly installments which will represent one-third of the net proceeds of the property tax levied annually by Fire Protection District No. 8. The Fire Company also receives from the Parish one-third of the 28 fire insurance premium tax which the Parish receives from the State of Louisiana for Fire Protection District No. 8. The proceeds of the property tax (\$783,088) and the 28 fire insurance premium tax (\$23,314) are reported as intergovernmental revenue from contractual services in the accompanying statement of revenues and expenditures. Intergovernmental revenues are reported as revenues of the period for which received. Interest revenue is reported in the period in which earned. Miscellaneous revenues are reported in the period in which received.

Expenditures. Expenditures are recognized when the related liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due.

- E. On-behalf Payments. Firemen supplemental pay which is paid directly to employees of the Fire Company by the State of Louisiana, Department of Public Safety, are recognized as intergovernmental revenue and salaries expenditure in the year in which paid.
- D. Budget. The Fire Company is not legally required to adopt a budget. For 1997 a budget was prepared on the cash basis for internal use but not in a format compatible to the financial statements; therefore comparison of actual results with a budget is not presented in the accompanying financial statements.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 1997

- E. Fixed Assets. Fixed assets are recorded as expenditures (capital outlay) in the General Fund when purchased and are accounted for in the General Fixed Assets Account Group. Purchased fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair market value on the date received. General fixed assets are not depreciated.
- F. Compensated Absences. Accumulated annual (vacation) leave is reported in the General Fund because it is expected to be liquidated with expendable available financial resources. An expenditure or liability has not been recorded for accumulated sick leave because it is unvested.
- G. Total Column on Combined Balance Sheet. The total column on the combined balance sheet is captioned "memorandum only" to indicate that this information is presented only to facilitate financial analysis. Data in the total column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH

At December 31, 1997, the carrying amount of the Fire Company's bank deposits was \$551,431 and the bank balances were \$258,800, all of which were covered by federal depository insurance.

3. FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the year ended December 31, 1997.

| | Balance December 1, | ADD- ITIONS* | DEBITALS | Balance December 31 |
|-------------------------------|------------------------|-----------------|---------------|------------------------|
| Land | \$ 700,000 | \$ - | \$ - | \$ 700,000 |
| Buildings and Improvements | 708,000 | 5,000 | - | 713,000 |
| Equipment and Furniture | 887,000 | 80,000 | 200 | 966,800 |
| | <u>\$1,295,000</u> | <u>88,000</u> | <u>\$ 200</u> | <u>\$1,382,800</u> |

* Addition include \$5,000 of equipment acquired by gift.

WARREN-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1997

4. PENSION PLAN

The Fire Company has a defined contribution (money purchased) pension plan for its employees to which it contributes an amount equal to 5% of the covered employees' salaries for the year. The employer's contribution for 1997 is \$14,481. Employees are not required to make any contribution. The plan is administered by an insurance company. An employee is covered by the plan once he or she reaches the age of 20, has 30 months of service, and works at least 1,000 hours a year. Once covered, an employee is fully vested. For 1997, the covered payroll was \$283,046 and the total current year payroll for all employees was \$324,325. There were no changes in the plan's provisions during the year.

5. NOTES PAYABLE

Notes payable at December 31, 1997 consist of the following:

Loan payable to a bank, payable in monthly installments of \$6,745, including interest at 10.15%, collateralized by a mortgage on land and building comprising the fire station at 2248 Marston Blvd., Marston, La. \$263,774

Installation obligation, payable in four (4) equal annual installments of \$51,668 on June 23th of each year, including interest at 6.88%, covering the "lease/purchase" of a fire truck with a cost of \$208,818. Final payment due June 23, 2000. 134,325
\$402,102

Annual debt service requirements to maturity for the above notes, including interest of \$143,323, are as follows:

| Year ending December 31 | Bank loan | Installation obligation | Total |
|----------------------------|------------------|----------------------------|------------------|
| 1998 | \$ 60,940 | \$ 51,668 | \$112,608 |
| 1999 | 60,940 | 51,668 | 112,608 |
| 2000 | 60,940 | 51,668 | 112,608 |
| 2001 | 60,940 | -0- | 60,940 |
| 2002 | 60,940 | -0- | 60,940 |
| 2003 | 60,940 | -0- | 60,940 |
| 2004 | 2,144 | -0- | 2,144 |
| | <u>\$402,102</u> | <u>\$143,323</u> | <u>\$545,425</u> |

MARSHO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1997

6. CHANGES IN LONG-TERM DEBT

During the year ended December 31, 1997, the following changes occurred in liabilities reported in the general long-term debt account group:

| | Balance (General) | Add- itions | Retir- -ments | Balance (December 31) |
|----------------------|----------------------|----------------|------------------|--------------------------|
| Cash loans: | | | | |
| To 2000 fire station | 940,000 | \$ -0- | 940,000 | 0 |
| Mortgage obligation | 120,120 | 0 | 20,120 | 100,000 |
| | 940,000 | \$ -0- | 960,120 | 100,000 |

7. DESIGNATED FUND BALANCE

Revenues received from membership dues, rentals, donations, sale of hats, T-shirts, and other items, and fund raising activities are deposited in the General Fund and credited to an account designated as the Training and Photo Fund. Expenditures for certain training, purchases of photo film, prints, hats, T-shirts and other items, and the cost of fund raising and some membership activities are charged to this account. The revenues and expenditures of the Training and Photo Fund are included in the amounts reported as miscellaneous revenues and miscellaneous expenditures in the accompanying financial statements. For 1997, the Training and Photo Fund had revenues of \$21,927 and expenditures of \$21,024. The amount reported as designated fund balance in the combined balance sheet represents the net cumulative excess of revenues over expenditures for the Training and Photo Fund as of December 31, 1997 as recorded on the books. The following is a summary of the changes in the designated fund balance for the year ended December 31, 1997:

| | |
|---|----------|
| Balance at beginning of year | \$25,951 |
| Excess of revenues over expenditures for the year | 893 |
| Balance at end of year | \$26,844 |

8. CONTINGENT LIABILITIES

A significant contribution of time is made by unpaid volunteers to accomplish the purposes for which the Fire Company was established. The value of this contributed time is not included in the accompanying financial statements because it is not susceptible to objective measurement or evaluation.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors of the
Marrero-Estelle Volunteer Fire Company No. 1
Marrero, Louisiana

We have audited the general purpose financial statements of Marrero-Estelle Volunteer Fire Company No. 1, as of and for the year ended December 31, 1997, and have issued our report thereon dated June 10, 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.

Compliance

As part of obtaining reasonable assurance about whether Marrero-Estelle Volunteer Fire Company No. 1's general purpose 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 Marrero-Estelle Volunteer Fire Company No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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.

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

Wyse, Butler, Aronson & Bowen

Harvey, Louisiana
June 10, 1960