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**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

*General Purpose Financial Statements and  
Independent Auditor's Report  
As of and for the Year Ended December 31, 1998*

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

Release Date 7-14-99

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**CPA**

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HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

General Purpose Financial Statements and  
Independent Auditor's Report  
As of and for the Year Ended December 31, 1998  
With Supplemental Information Schedules

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**INDEPENDENT AUDITOR'S REPORT ON THE  
GENERAL PURPOSE FINANCIAL STATEMENTS**

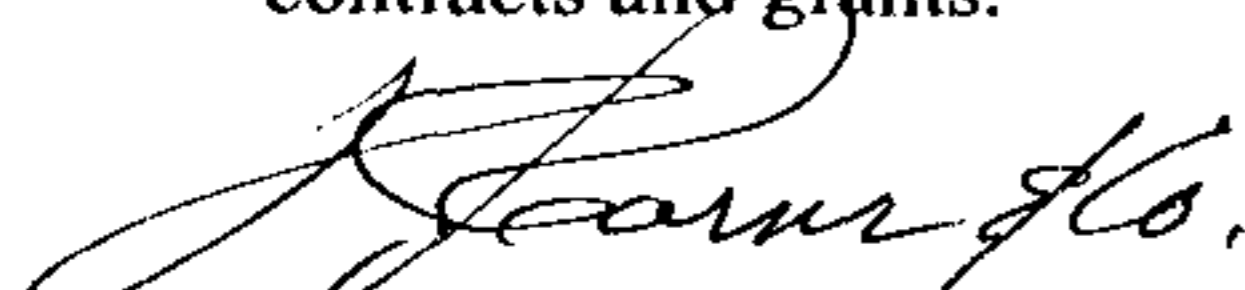
**BOARD OF DIRECTORS  
HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Hahnville, Louisiana**

We have audited the accompanying general purpose financial statements of the Hahnville Volunteer Fire Department, Inc. as of and for the year ended December 31, 1998, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Hahnville Volunteer Fire Department, Inc. 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 generally accepted governmental auditing standards contained in the Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, 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 the Hahnville Volunteer Fire Department, Inc. as of December 31, 1998, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 7, 1999 on our consideration of the Hahnville Volunteer Fire Department, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

  
June 7, 1999

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**December 31, 1998**

	-Governmental General Fund	Fund Types- Membership Account Fund	Account Group General Fixed Assets	Total (Memorandum Only)
<b>ASSETS</b>				
Cash	\$ 289,587	\$ 20,587	\$ 0	\$ 310,175
Certificates of deposit	190,000	0	0	190,000
Tax revenue receivable	10,268	0	0	10,268
Accrued interest	830	0	0	830
Fire protection vehicles	0	0	667,423	667,423
Equipment	0	0	328,422	328,422
Land	0	0	115,000	115,000
Building	0	0	261,500	261,500
<b>Total assets</b>	<u>\$ 490,685</u>	<u>\$ 20,587</u>	<u>\$ 1,372,345</u>	<u>\$ 1,883,618</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$ 823	\$ 0	\$ 0	\$ 823
Total liabilities	<u>823</u>	<u>0</u>	<u>0</u>	<u>823</u>
Fund equity:				
Investment in fixed assets	0	0	1,372,345	1,372,345
Fund balance - unreserved	<u>489,862</u>	<u>20,587</u>	<u>0</u>	<u>510,449</u>
Total fund equity	<u>\$ 489,862</u>	<u>\$ 20,587</u>	<u>\$ 1,372,345</u>	<u>\$ 1,882,795</u>
<b>Total liabilities and fund equity</b>	<u>\$ 490,685</u>	<u>\$ 20,587</u>	<u>\$ 1,372,345</u>	<u>\$ 1,883,618</u>

The accompanying notes are an integral part of this statement.

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**& FUND BALANCE - ALL FUND TYPES**  
**For the one year ended December 31, 1998**

	-Governmental Fund Types-		
	General Fund	Membership Account Fund	Total (Memorandum Only)
<b>REVENUES</b>			
Advalorem tax	\$ 104,456	\$ 0	\$ 104,456
Sales tax	86,711	0	86,711
Fire insurance rebate	8,925	0	8,925
Dues	0	130	130
Interest	17,838	890	18,728
Donations	0	4,050	4,050
Other revenue	0	118	118
	<u>0</u>	<u>118</u>	<u>118</u>
Total revenue	<u>\$ 217,930</u>	<u>\$ 5,187</u>	<u>\$ 223,118</u>
<b>EXPENDITURES</b>			
Current:			
Electricity	\$ 3,549	\$ 0	\$ 3,549
Natural gas	132	0	132
Telephone	2,124	0	2,124
Water	328	0	328
Equipment maintenance	11,681	0	11,681
Equipment repair	4,280	0	4,280
Fuel	1,508	0	1,508
Equipment insurance	5,051	0	5,051
Equipment material & supplies	327	0	327
Building material & supplies	815	0	815
Building maintenance	957	0	957
Building repair	600	0	600
Building insurance	4,076	0	4,076
Personnel small equipment	758	0	758
Personnel insurance	7,855	0	7,855
Fire prevention	502	0	502
Foam and water aids	435	0	435
Accounting & auditing	2,025	0	2,025
Bank charges	0	50	50
Dues	420	0	420
Office expenses	234	0	234
Postage	108	0	108
Meetings & conventions	4,559	353	4,912
Installation of officers	2,537	0	2,537
Meals	2,090	0	2,090
Miscellaneous	2,522	0	2,522
Training	1,250	4,096	5,346
Capital outlay:			
Equipment purchase	3,709	0	3,709
Building improvement	25,056	0	25,056
	<u>25,056</u>	<u>0</u>	<u>25,056</u>
Total expenditures	<u>\$ 89,488</u>	<u>\$ 4,499</u>	<u>\$ 93,987</u>
Net revenues over expenditures	\$ 128,442	\$ 688	\$ 129,131
<b>FUND BALANCE DECEMBER 1997</b>	<u>361,420</u>	<u>19,899</u>	<u>381,319</u>
<b>FUND BALANCE DECEMBER 1998</b>	<u>\$ 489,862</u>	<u>\$ 20,587</u>	<u>\$ 510,449</u>

The accompanying notes are an integral part of this statement.



**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1998**

**INTRODUCTION**

The Hahnville Volunteer Fire Department, Inc. (Fire Department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (8). The Fire Department is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Parish of St. Charles. At year end, the Fire Department employed no employees.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of presentation**

The accompanying financial statements of the Fire Department have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

**B. Reporting entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Fire Department is not a governmental unit although it receives a substantial amount of its revenue from the St. Charles Parish Council. As a result of a contractual agreement, the Fire Department is accountable to the Parish Council for fiscal matters. The St. Charles Parish Council does not appoint the governing board, nor management. The Fire Department reports as an independent reporting entity.

**C. Fund accounting**

The Fire Department uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The only funds of the Fire Department are classified as governmental fund types. Governmental funds account for the Fire Department's general activities, including the collection and

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1998**

disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds of the Fire Department include:

General Fund - the general operating fund of the Fire Department that accounts for all financial activity, except those required to be accounted for in other funds.

Membership Account Fund - a fund that accounts for private contributions made to the Fire Department, along with related revenues. The fund also accounts for expenditures made from those financial resources.

**D. Basis of accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The Fire Department's records are maintained on the cash basis of accounting. However, the financial statements have been converted to the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

**Revenues -**

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board and are available to the Fire Department. Sales taxes become payable to the School Board on the first day of the month, and become delinquent on the 20th of the month, following collection of the taxes by the business.

A ten year advalorem tax issue was dedicated to the operations of the Fire Department beginning in 1991. Each department is to receive one ninth of annual collections. Taxes levied in November of each year are available for expenditures in the subsequent year.

Interest income is recorded when the cash is available to the Fire Department.

All other revenues are recorded when received.

**Expenditures -**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1998**

**E. Memorandum Only columns**

The total columns captured "Memorandum Only" are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**F. Encumbrances**

The Fire Department does not use encumbrance accounting.

**G. Cash and cash equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits.

**H. Inventories**

Physical inventories consist of expendible supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

**I. Fixed assets**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Interest cost incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated cost if historical cost is not available.

**J. Long-term obligations**

Long-term obligations are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 1998, the Fire Department has cash (book balance) totaling \$ 500,174.70 as follows:



**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1998**

Membership Account Fund:	
Riverland Credit Union	
Share account	\$ 31.18
Checking (interest bearing)	3,012.18
Accumulation (interest bearing)	17,543.93
	-----
Total	\$ 20,587.29
General Fund:	
First National Bank of St. Charles	
Checking (interest bearing)	\$ 61,106.78
Certificate of deposit	40,000.00
Hibernia National Bank	
Checking (interest bearing)	154,066.73
Riverland Credit Union	
Share account	6.18
Accumulation (interest bearing)	74,407.72
Bank One	
Certificate of deposit	100,000.00
First American Bank	
Certificate of deposit	50,000.00
	-----
Total	\$ 479,587.41
	-----
Total Cash and cash equivalents	\$ 500,174.70
	=====

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Fire Department has \$ 500,411.84 in deposits (collected bank balance). These deposits are secured from risk by federal deposit insurance and by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire Department that the fiscal agent failed to pay deposited funds upon demand.

**NOTE 3. REVENUE RECEIVABLES**

The receivables at December 31, 1998 consisted of sales taxes in the amount of \$10,267.63.

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1998**

**NOTE 4. AD VALOREM TAX**

Effective July 21, 1990, ad valorem tax in the amount of 1.6 mills is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed when collected to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

**NOTE 5. SALES TAX**

Effective March 1, 1980, sales tax in the amount of 1/8% is collected by the St. Charles Parish School Board to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

**NOTE 6. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance December 31, 1997	Additions	Deletions	Balance December 31, 1998
	-----	-----	-----	-----
Fire Protection				
Vehicle	\$ 667,423.00	\$ 0.00	\$ 0.00	\$ 667,423.00
Equipment	324,713.00	3,708.86	0.00	328,421.86
Buildings	236,444.00	25,056.41	0.00	261,500.41
Land	115,000.00	0.00	0.00	115,000.00
	-----	-----	-----	-----
Total	\$1,343,580.00	\$28,765.27	\$ 0.00	\$1,372,345.27
	=====	=====	=====	=====

**NOTE 7. LEASES**

The Fire Department had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

**NOTE 8. GENERAL LONG-TERM LIABILITIES**

The Fire Department had no long-term liabilities.

**NOTE 9. LITIGATION AND CLAIMS**

At December 31, 1998, the Fire Department had no litigation or claims pending.

HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 1998

NOTE 10. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Fire Department's operations.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until year 2000 and thereafter. Management cannot assure that the Fire Department is or will be Year 2000 ready, that the Fire Department's remediation efforts will be successful in whole or in part, or that parties with whom the Fire Department does business will be Year 2000 ready.

## **SUPPLEMENTAL INFORMATION**



HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

Summary Schedule of Prior Audit Findings  
As of and for the Year Ended December 31, 1998

Ref. No.

Prior auditor did not assign a number.

Fiscal Year Finding Initially Occurred

All previous years

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Hahnville Volunteer Fire Department, Inc. and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Taken (Yes, No, Partially)

No

Planned Corrective Action/Partial Corrective Action Taken

None

Additional Explanation

This is a common reportable condition noted in audits of small entities. The department's office does not employ enough people in its accounting department to segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition can not be remedied in a cost effective manner.

HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

Corrective Action Plan for Current Year Findings  
As of and for the Year Ended December 31, 1998

Ref. No.

9812-01

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Hahnville Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Planned

None

Name of Contact Person

Thomas Tamplain, Vice-President

Anticipated Completion Date

None

Additional Explanation

This is a common reportable condition noted in audits of small entities. The department's office does not employ enough people in its accounting department to segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition can not be remedied in a cost effective manner.

**OTHER REPORTS REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**  
**Report on Compliance and on Internal Control**



**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  
HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
Hahnville, Louisiana**

We have audited the general purpose financial statements of the Hahnville Volunteer Fire Department, Inc. as of and for the year ended December 31, 1998, and have issued our report thereon dated June 7, 1999. 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 the Hahnville Volunteer Fire Department, Inc.'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 those 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 Hahnville Volunteer Fire Department, Inc.'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. However, we noted a single matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying corrective action plan for the current year audit findings as item 9812-01.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable

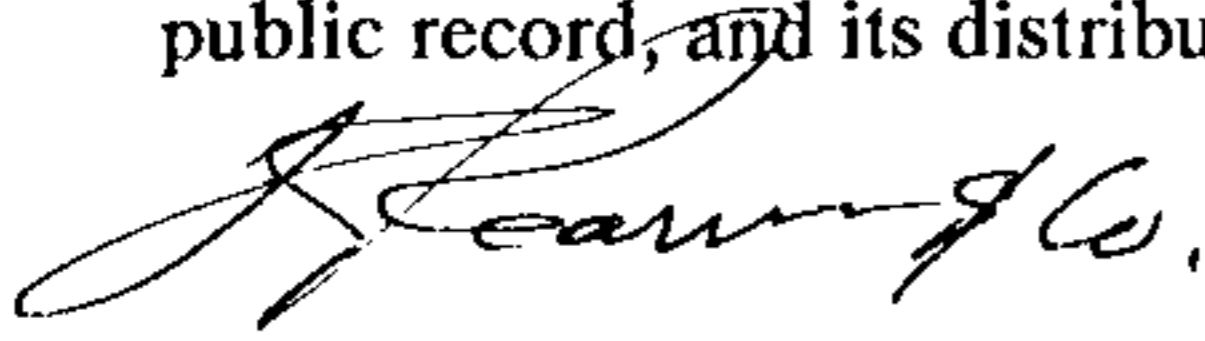
**TIMOTHY S. KEARNS**  
MASTER OF BUSINESS ADMINISTRATION  
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conditions, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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

A handwritten signature in cursive script, appearing to read "J. Lawrence".

June 7, 1999