

00-0000 P1: 21

**OFFICIAL
FILE COPY**
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

R E P O R T

MARRERO-HARVEY VOLUNTEER
FIRE COMPANY NO. 1

DECEMBER 31, 1998 AND 1997

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.

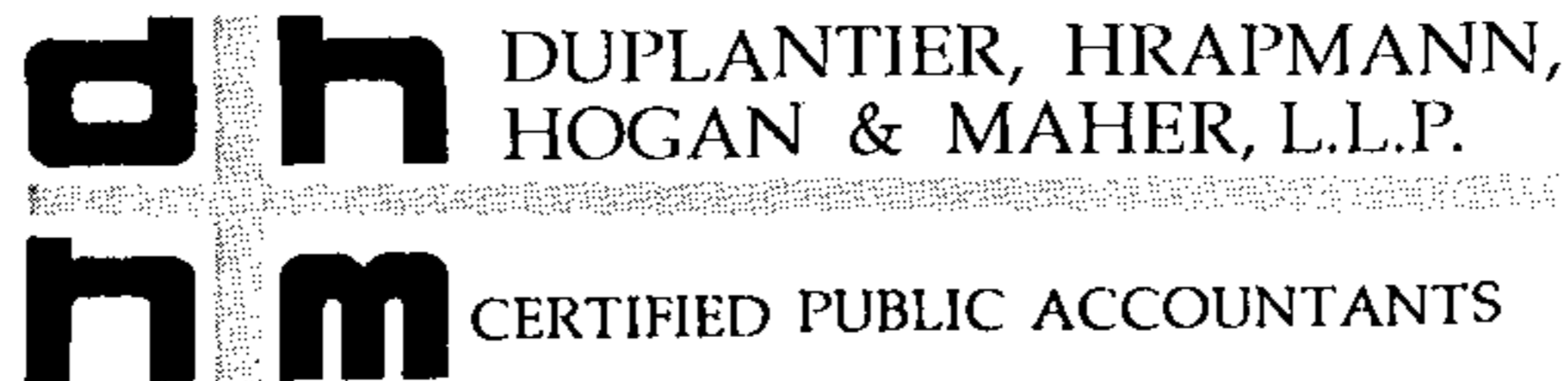
Release Date JUL 7 1999

MARRERO-HARVEY VOLUNTEER
FIRE COMPANY, NO. 1

REPORT INDEX

DECEMBER 31, 1998 AND 1997

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6 - 11
SUPPLEMENTARY INFORMATION	
Statements of Functional Expenses.....	12 - 13
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS:	
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.....	14
Schedule of Prior Audit Findings.....	15



MICHAEL J. O'ROURKE, C.P.A.
WILLIAM G. STAMM, C.P.A.
CLIFFORD J. GIFFIN, JR., C.P.A.
DAVID A. BURGARD, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
DAVID J. MUMFREY, C.P.A.
GUY L. DUPLANTIER, C.P.A.
BONNIE J. McAFEE, C.P.A.

1340 Poydras St., Suite 2000 • New Orleans, LA 70112
(504) 586-8866
FAX (504) 525-5888
cpa@dhhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.
(1919-1985)
FELIX J. HRAPMANN, JR., C.P.A.
(1919-1990)
WILLIAM R. HOGAN, JR., C.P.A.
(1920-1996)
JAMES MAHER, JR., C.P.A.
(1921-1999)

MICHELLE B. CUNNINGHAM, C.P.A.
KENNETH J. BROOKS, C.P.A., ASSOCIATE

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA. C.P.A.'S

INDEPENDENT AUDITOR'S REPORT

June 11, 1999

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

We have audited the accompanying statement of financial position of Marrero-Harvey Volunteer Fire Company No. 1 (a nonprofit organization) as of December 31, 1998, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the fire company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Marrero-Harvey Volunteer Fire Co., No. 1 as of December 31, 1997 were audited by other auditors whose report dated April 30, 1998 expressed an unqualified opinion on those statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Marrero-Harvey Volunteer Fire Company No. 1 as of December 31, 1998, and the changes in its net assets and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As stated above, the financial statements of the Marrero-Harvey Volunteer Fire Company No. 1 for the year ended December 31, 1997 were audited by other auditors. Their report, dated April 30, 1998, on the supplementary information on page 13 for the year ended December 31, 1997 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements taken as a whole for the year ended December 31, 1997.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 1999 on our consideration of Marrero-Harvey 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.

Duplantier, Hrapmann, Hogan & Maher LLP

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1998 AND 1997

ASSETS

	<u>1998</u>	<u>1997</u>
CURRENT ASSETS:		
Cash and cash equivalents (Notes 1 and 2)	\$ <u>1,054,136</u>	\$ <u>992,682</u>
Total current assets	<u>1,054,136</u>	<u>992,682</u>
PROPERTY AND EQUIPMENT - (Notes 1 and 3) (NET OF ACCUMULATED DEPRECIATION OF \$1,489,879 and \$1,398,725)	<u>1,045,643</u>	<u>963,085</u>
TOTAL ASSETS	\$ <u>2,099,779</u>	\$ <u>1,955,767</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 925	\$ 5,944
Accrued salaries	9,776	8,421
Accrued sick and vacation pay (Note 1)	17,520	18,570
Retirement withholdings payable	1,437	--
Payroll taxes payable	<u>5,400</u>	<u>--</u>
Total current liabilities	<u>35,058</u>	<u>32,935</u>
NET ASSETS:		
Unrestricted	<u>2,064,721</u>	<u>1,922,832</u>
Total net assets	<u>2,064,721</u>	<u>1,922,832</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,099,779</u>	\$ <u>1,955,767</u>

See accompanying notes.

Marrero - Harvey Volunteer Fire Company No. 1

P. O. Box 206 Marrero, LA 70073

Members of the Louisiana State Fireman's Association

STATION 80
531 Avenue C
Marrero, LA 70072

STATION 81
808 McArthur Avenue
Harvey, LA 70058

STATION 82
3649 Patriot Street
Harvey, LA 70058

JERRY MELANSON, SR
President

WAYNE ALLEMAN
Vice-President

JERRY MELANSON, JR.
Secretary

CRAIG J. BELLANGER
Treasurer

RYAN ALLEMAN
Sgt. at Arms

LEO J. LEBLANC
Chief

DON ROBERTSON
1st Asst. Chief

JAMES ROBERTSON
2nd Asst. Chief

TED E. WARD, JR.
Fire Prevention Officer

June 11, 1999

Legislative Auditor
Engagement Processing
Post Office Box 94397
Baton Rouge, LA 70804-9397

Dear Sir or Madam:

In the prior year our auditors disclosed the following instance of noncompliance.

97-1 Public Bid Law (LSA-R.S. 38:2212)

Condition:

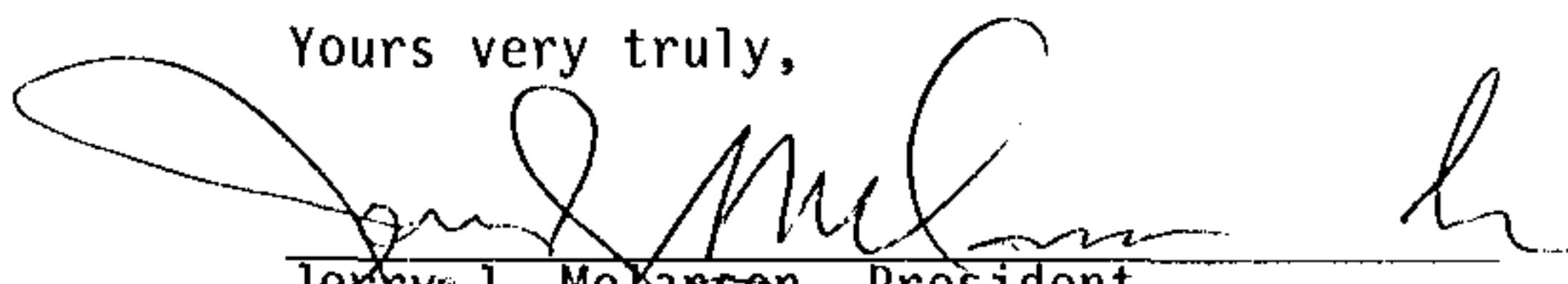
During 1997, the Company purchased one new pumper truck for \$199,000 and contracted for the construction of a new ladder truck at a cost ranging from \$568,000 to \$599,000. The Company mailed requests for proposals to numerous suppliers of firefighting vehicles, and evaluated the responses in accordance with the provisions of LSA-R.S. 38:2212. However, the Company failed to publish the required advertisements in both cases.

Current Status:

In the current year, our auditors noted no instances of noncompliance with the Louisiana Public Bid Law. We are aware of the Public Bid Law and will advertise any subsequent purchases of equipment as required. Accordingly, we feel that there should be no similar findings in subsequent audits.

Please contact us if you have any questions regarding this letter.

Yours very truly,


Jerry J. Melanson, President


Craig J. Bellanger, Treasurer

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	1998	1997
UNRESTRICTED NET ASSETS:		
SUPPORT:		
Firefighting contract (Note 5)	\$ 853,930	\$ 855,188
Donated firefighting services (Note 4)	31,671	29,640
Interest	24,118	25,012
Other income	14,009	11,893
Total support	<u>923,728</u>	<u>921,733</u>
EXPENSES: (Pages 12 and 13)		
Program services - firefighting	736,688	713,422
Supporting services - management and general	45,151	51,630
Total expenses	<u>781,839</u>	<u>765,052</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>141,889</u>	<u>156,681</u>
Unrestricted net assets	1,922,832	1,705,319
Prior period adjustment (Note 7)	---	60,832
Net assets beginning of year, as restated	<u>1,922,832</u>	<u>1,766,151</u>
NET ASSETS END OF YEAR	<u>\$ 2,064,721</u>	<u>\$ 1,922,832</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	\$ 141,889	\$ 156,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	96,397	99,640
Disposal of assets	--	37,202
Increase (decrease) in:		
Accounts payable	(5,019)	(48,346)
Accrued sick and vacation pay	(1,050)	18,570
Accrued salaries	1,355	--
Retirement withholdings payable	1,437	--
Payroll taxes payable	5,400	--
Net cash provided by operating activities	<u>240,409</u>	<u>263,747</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment	(178,955)	(209,450)
Net cash used in investing activities	<u>(178,955)</u>	<u>(209,450)</u>
NET INCREASE IN CASH	61,454	54,297
Cash at beginning of year	<u>992,682</u>	<u>938,385</u>
CASH AT END OF YEAR	<u>\$ 1,054,136</u>	<u>\$ 992,682</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

ORGANIZATION:

Marrero-Harvey Volunteer Fire Company No. 1 was established to provide firefighting and rescue service to a designated area of the Eighth Fire District on the West Bank of Jefferson Parish, Louisiana (a separate entity). In addition, the fire company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The fire company maintains three fire stations and has approximately seventeen paid employees and twenty-two active volunteers. The company's main source of revenue is a fire protection contract with Jefferson Parish. The department is under a ten (10) year contract signed September 2, 1994 and effective for the period April 1, 1994 through March 31, 2004.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Financial Statement Presentation:

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.

The fire company follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Nonprofit Organizations*. Under SFAS No. 117, the fire company is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the fire company is required to present a statement of cash flows. As of December 31, 1998 and 1997 the fire company had only unrestricted net assets.

The statement of activities presents expenses of the fire company'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.

Contributions and Donated Services:

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

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

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The fire company is exempt from income taxes under Internal Revenue Code section 501(c)(4) as a nonprofit organization and thus these financial statements contain no provision for income taxes.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the fire company has defined cash and cash equivalents as all items on the statement of financial position as cash in banks, money market accounts and certificates of deposit.

Supplemental Disclosures of Cash Flow Information:

	<u>1998</u>	<u>1997</u>
Cash paid during the year for:		
Interest	\$ --	\$ --
Income taxes	--	--

Property and Equipment:

Property and equipment are stated at acquisition cost, or estimated historical cost if acquisition cost is not available. Depreciation is provided for in amounts sufficient to relate the cost of depreciable property and equipment to operations over their estimated useful lives using the straight-line method. Estimated useful lives of property and equipment are as follows:

Automobiles	3 - 5 years
Furniture and fixtures	5 - 10 years
Firefighting and rescue equipment	3 - 12 years
Building improvements	30 years

Concentration of Credit Risk:

The fire company's income is derived primarily from the proceeds of an ad valorem tax millage and other funding under a contract with the Jefferson Parish Council to support its firefighting and rescue services.

Compensated Absences:

Annual leave

Each qualified employee scheduled to work 50 hours or more per week will earn annual leave according to the following:

<u>Years of Continuous Service</u>	<u>Hours</u>
0 - 1 year	0
1 - 10 years	144
Over 10 years *	144+

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences: (Continued)

Annual leave (Continued)

* Employee earns 8 hours of additional leave for each year over 10 years up to a maximum of 240 hours after 22 years. Employees cannot exceed the accumulated hours they are allowed for their years of service at the end of the pay period which includes the last day of the month before the month that includes the employee's anniversary date.

Sick Leave

Each qualified employee employed on December 31, 1998 will be credited with 78 hours of sick leave as of January 1, 1999.

New employees after September 1, 1998, will be credited with three (3) hours of sick leave per pay period following the pay period that contains the date that is six (6) months after their initial anniversary date.

All employees hired before September 1, 1998, will earn three (3) hours of sick leave per pay period beginning with the first pay period after January 1, 1999. No partial accrual will be made at any time during the year.

An employee can accumulate up to 240 hours of sick leave that can be carried over to the next calendar year.

Any unused sick leave as of 12/31 of said year in excess of 240 hours, will be bought back at a rate of 1/2 to 1 hour at regular pay.

Upon termination of employment for any reason, the employee will be paid for any accumulated sick leave at a rate of 1/2 to 1 hour at regular pay.

Accrued leave was \$17,520 and \$18,570 for the years ended December 31, 1998 and 1997, respectively. The amounts are accrued on the statements of financial position in accrued sick and vacation pay.

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.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

2. CASH AND SHORT-TERM INVESTMENTS:

At December 31, 1998 and 1997, the fire company maintained cash balances, money market accounts, certificates of deposit, and short-term investments in several local banks. The certificates of deposit and short-term investments are classified as cash equivalents as defined in Note 1. The bank balances and book balances were as follows:

	1998		1997	
	<u>Book Balances</u>	<u>Bank Balances</u>	<u>Book Balances</u>	<u>Bank Balances</u>
Cash and money market accounts	\$1,006,363	\$1,003,923	\$ 946,966	\$ 950,892
Certificates of deposit	<u>47,773</u>	<u>47,773</u>	<u>45,716</u>	<u>45,716</u>
Total cash and cash equivalents	<u>\$1,054,136</u>	<u>\$1,051,696</u>	<u>\$ 992,682</u>	<u>\$ 996,608</u>

The bank balance is insured by \$649,563 of federal deposit insurance, leaving \$402,133, uninsured at December 31, 1998. For the year ended December 31, 1997 the insured bank balance was \$510,847 leaving \$485,761 as the amount not covered by federal deposit insurance.

3. PROPERTY AND EQUIPMENT:

Below is a summary of activity in the fire company's property and equipment accounts during the years ended December 31, 1998 and 1997:

	1998			Balance 12/31/98
	Balance 1/1/98	Additions	Deletions	
Land	\$ 89,218	\$ --	\$ --	\$ 89,218
Buildings	649,812	--	--	649,812
Vehicles	1,209,200	178,955	--	1,388,155
Firefighting equipment	388,607	--	--	388,607
Furniture and fixtures	<u>24,973</u>	<u>--</u>	<u>5,243</u>	<u>19,730</u>
	2,361,810	178,955	5,243	2,535,522
Accumulated depreciation	<u>1,398,725</u>	<u>96,397</u>	<u>5,243</u>	<u>1,489,879</u>
Net property and equipment	<u>\$ 963,085</u>	<u>\$ 82,558</u>	<u>\$ --</u>	<u>\$1,045,643</u>

	1997			Balance 12/31/97
	Balance 1/1/97	Additions	Deletions	
Land	\$ 89,218	\$ --	\$ --	\$ 89,218
Buildings	649,812	--	--	649,812
Vehicles	1,010,200	199,000	--	1,209,200
Firefighting equipment	417,520	10,450	39,363	388,607
Furniture and fixtures	<u>26,936</u>	<u>--</u>	<u>1,963</u>	<u>24,973</u>
	2,193,686	209,450	41,326	2,361,810
Accumulated depreciation	<u>1,303,209</u>	<u>99,640</u>	<u>4,124</u>	<u>1,398,725</u>
Net property and equipment	<u>\$ 890,477</u>	<u>\$109,810</u>	<u>\$ 37,202</u>	<u>\$ 963,085</u>

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

3. PROPERTY AND EQUIPMENT: (Continued)

Included in the cost of vehicles for 1998 is a \$178,955 down payment on a new fire truck (see Note 7) not yet placed in service. Depreciation expense totaled \$96,397 and \$99,640 for the years ended December 31, 1998 and 1997, respectively.

The net amounts of \$5,243 and \$37,202 shown above constitutes assets that were consumed in firefighting operations during 1998 and 1997, respectively. For purposes of the statement of cash flows, use of these items is included in operating activities, as the disposal of the assets relates more directly to operating activities than investing activities.

4. DONATED SERVICES:

Marrero-Harvey volunteer firefighters responded to calls for service approximately 391 and 336 times during 1998 and 1997, respectively. The value of these volunteer services is computed using the minimum pay for the fire company's paid personnel during the year, multiplied by an average response duration of 1.50 hours, with the result multiplied by the number of rolls responded to by volunteers during the year. For 1998 and 1997, the minimum hourly pay was \$6.00 per hour for straight time, and there were approximately 391 and 336 responses by varying numbers of volunteer personnel, resulting in an approximate value of \$31,671 and \$29,640 for the years ended December 31, 1998 and 1997, respectively, for volunteer firefighting services, which is reported as revenue and firefighting expense.

This value should be recognized as the absolute minimum value of volunteer services, as it does not include any down-time maintenance time, or overtime, but includes only the time when volunteers were actually responding to calls for assistance. The actual cost of replacing the fire company's volunteers with paid firefighters would be significantly higher.

All members of the Board of Directors serve without compensation.

5. FIRE PROTECTION CONTRACT:

Substantially, all of the fire company's public support is derived from funds provided by Jefferson Parish. On September 2, 1994, the fire company signed a ten year contract with Jefferson Parish, effective April 1, 1994, under which the fire company receives one-third of certain ad valorem taxes assessed within the 8th Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates. Total public support received under this contract totaled \$853,930 and \$855,188 during the years ended December 31, 1998 and 1997, respectively.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997

6. COMMITMENTS AND CONTINGENCIES:

Fire Truck:

On August 11, 1997, the fire company committed to purchase a new fire truck at a cost ranging from \$568,000 to \$599,000, based on alternative payment schedules. The truck will not be delivered until April 4, 1999, and the fire company has the right to reject delivery if its specifications are not met. During 1998 the fire company made a down payment on the fire truck in the amount of \$178,955 (see Note 3).

7. PRIOR PERIOD ADJUSTMENT:

In 1994, the fire company recorded property and equipment on its statement of financial position for the first time. As historical cost records did not exist for numerous assets, these assets were recorded at estimated historical cost. During 1997, the fire company determined that one fire truck purchased prior to 1994 was recorded on the financial statements at \$100,000 less than its actual historical cost. Accordingly, an adjustment has been made at January 1, 1997, to increase property and equipment by \$100,000, increase accumulated depreciation by \$39,168, and increase unrestricted net assets by \$60,832. Had this entry been recorded in the prior years, the increase in net assets would have been reduced by approximately \$20,277 for each of the years ended December 31, 1994, 1995 and 1996.

8. RETIREMENT PLAN:

During 1998 the fire company approved a contributory retirement plan covering all paid employees effective July 1998. The fire company began contributing up to 3% of participating employees' annual salaries. The retirement expense for the plan for the year ended December 31, 1998 amounted to \$5,188.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 SUPPLEMENTARY INFORMATION
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
	<u>FIREFIGHTING</u>		
EXPENSES:			
Salaries and wages	\$ 428,549	\$ 3,000	\$ 431,549
Depreciation	96,397	--	96,397
Insurance	70,231	--	70,231
Payroll taxes	32,383	--	32,383
Donated firefighting services	31,671	--	31,671
Maintenance	29,366	--	29,366
Utilities	--	13,674	13,674
Firefighting supplies	9,121	--	9,121
Operating supplies	12,257	--	12,257
Radio expense	9,448	--	9,448
Miscellaneous	--	9,010	9,010
Accounting and legal	--	5,329	5,329
Retirement expense	5,188	--	5,188
Fuel	4,546	--	4,546
Equipment repair	2,200	--	2,200
Meals and consumables	--	4,651	4,651
Medical expenses	--	648	648
Office expense	--	7,747	7,747
Dues and subscriptions	--	1,092	1,092
Licenses	105	--	105
Building repairs	5,226	--	5,226
	<u>\$ 736,688</u>	<u>\$ 45,151</u>	<u>\$ 781,839</u>
TOTAL			

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 SUPPLEMENTARY INFORMATION
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
	<u>FIREFIGHTING</u>		
EXPENSES:			
Salaries and wages	\$ 369,407	\$ 3,000	\$ 372,407
Depreciation	99,640	--	99,640
Insurance	74,984	--	74,984
Payroll taxes	30,237	--	30,237
Donated firefighting services	29,640	--	29,640
Maintenance	20,922	--	20,922
Utilities	--	18,568	18,568
Firefighting supplies	17,787	--	17,787
Operating supplies	37,514	--	37,514
Radio expense	19,122	--	19,122
Miscellaneous	--	8,171	--
Accounting and legal	--	5,326	5,326
Fuel	4,789	--	4,789
Equipment repair	5,858	--	5,858
Meals and consumables	--	5,114	5,114
Medical expenses	--	1,638	1,638
Office expense	--	9,469	9,469
Dues and subscriptions	--	344	344
Licenses	118	--	118
Building repairs	3,404	--	3,404
	<u>3,404</u>	<u> </u>	<u>3,404</u>
TOTAL	\$ <u>713,422</u>	\$ <u>51,630</u>	\$ <u>765,052</u>

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
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

June 11, 1999

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

We have audited the financial statements of Marrero-Harvey Volunteer Fire Company No. 1 (a nonprofit organization) as of and for the year ended December 31, 1998, and have issued our report thereon dated June 11, 1999.

We conducted our audit in accordance with generally accepted auditing 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 fire company'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 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 fire company'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.

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.

Deplantes, Haysmann, Hogan & Porter LLP

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 1998 AND 1997

COMPLIANCE FINDING:

97-1 Public Bid Law (LSA-R.S. 38:2212)

Condition:

During 1997, the fire company purchased one new pumper truck for \$199,000 and contracted for the construction of a new ladder truck at a cost ranging from \$568,000 to \$599,000. The fire company mailed requests for proposals to numerous suppliers of firefighting vehicles, and evaluated the responses in accordance with the provisions of LSA-R.S. 38:2212. However, the fire company failed to publish the required advertisements in both cases.

Current Status:

In the current year, we noted no instances of noncompliance with the Louisiana Public Bid Law. Management is aware and will advertise any subsequent purchases of equipment as required. Accordingly, there were no similar findings during the current year audit.