

REPORT  
THIRD DISTRICT VOLUNTEER  
FIRE DEPARTMENT  
DECEMBER 31, 2000 AND 2002

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Release Date 7-28-04

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

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## INDEPENDENT AUDITOR'S REPORT

March 16, 2004

Board of Directors  
Third District Volunteer Fire Department  
16413 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, 2003 and 2002 and the related statements of activities, functional expenses 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 auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the 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.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Third District Volunteer Fire Department as of December 31, 2003 and 2002, and its changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated March 16, 2004 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. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hegan & Maher, L.L.P.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2002 AND 2001**

	2002	2001
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Notes 1 and 6)	\$ 802,145	\$ 409,711
Prepaid insurance	33,327	29,890
Other receivables	10,482	8,882
Total current assets	<u>845,954</u>	<u>448,483</u>
<b>PROPERTY, PLANT AND EQUIPMENT: (Note 2)</b>		
Land	88,621	88,621
Buildings	412,990	498,703
Fire fighting equipment	224,082	212,794
Radios	450,255	398,791
Trucks and other automobiles	1,897,690	1,474,691
Office furniture and equipment	85,121	58,681
Total	<u>3,158,759</u>	<u>2,732,281</u>
Less accumulated depreciation	<u>(1,885,322)</u>	<u>(1,828,188)</u>
Net property, plant and equipment	<u>1,273,437</u>	<u>904,093</u>
Other assets (Note 8)	259,081	240,476
<b>TOTAL ASSETS</b>	<b>\$ 2,423,482</b>	<b>\$ 1,752,185</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 2,318	\$ 4,625
Accrued wages	27,761	22,630
Federal taxes and withholdings payable	9,578	8,021
Annual leave payable (Note 4)	99,232	51,288
Due to members	186	147
Accrued pension expense (Note 5)	49,521	51,235
Obligations under capital leases (Note 9)	48,624	47,786
Total current liabilities	<u>187,239</u>	<u>187,232</u>
<b>LONG TERM LIABILITIES:</b>		
Length of Service Award Program (Note 3)	186,640	119,007
Obligations under capital leases, net of current portion (Note 9)	<u>185,376</u>	<u>-</u>
Total long term liabilities	<u>372,016</u>	<u>119,007</u>
<b>TOTAL LIABILITIES</b>	<b>559,255</b>	<b>306,239</b>
<b>NET ASSETS:</b>		
Unrestricted	1,966,249	1,425,131
Temporarily restricted	-	27,625
Total net assets	<u>1,966,249</u>	<u>1,452,756</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,423,482</b>	<b>\$ 1,752,185</b>

See accompanying notes.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2003**

	2002			2003		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>UNRESTRICTED NET ASSETS:</b>						
<b>REVENUES: (Page 1)</b>						
Contract revenue:						
Jefferson Parish millage	\$ 1,284,996	\$ -	\$ 1,284,996	\$ 884,996	\$ -	\$ 884,996
Jefferson Parish service charge	275,004	-	275,004	275,004	-	275,004
Insurance rebate	88,111	-	88,111	88,200	-	88,211
Grant	11,872	-	11,872	1,814	11,629	13,443
Interest	3,628	-	3,628	2,525	-	2,525
Gain on sale of asset	-	-	-	28,000	-	28,000
Miscellaneous	2,382	-	2,382	1,225	-	1,225
Net assets released from restriction	22,625	(22,625)	-	-	-	-
<b>Total revenues</b>	<b>1,998,548</b>	<b>(22,625)</b>	<b>1,975,923</b>	<b>1,292,160</b>	<b>11,629</b>	<b>1,303,789</b>
<b>EXPENSES: (Page 4 and 5)</b>						
Administration	81,431	-	81,431	75,480	-	75,480
Firefighting	1,714,699	-	1,714,699	1,166,152	-	1,166,152
<b>Total expenses</b>	<b>1,796,130</b>	<b>-</b>	<b>1,796,130</b>	<b>1,241,632</b>	<b>-</b>	<b>1,241,632</b>
<b>DECREASE/INCREASE IN NET ASSETS</b>	<b>202,418</b>	<b>(22,625)</b>	<b>179,793</b>	<b>50,528</b>	<b>11,629</b>	<b>62,157</b>
Net assets - beginning of year	1,452,111	22,625	1,474,736	1,492,179	-	1,492,179
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,654,529</b>	<b>\$ -</b>	<b>\$ 1,654,529</b>	<b>\$ 1,542,707</b>	<b>\$ 11,629</b>	<b>\$ 1,554,336</b>

See accompanying notes.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Administration	Firefighting	Total
Manpower	\$ 54,551	\$ 895,214	\$ 949,765
Insurance	1,776	59,668	61,444
Utilities	1,990	31,302	33,292
Fire Prevention Work	53	836	889
Operating materials	1,378	21,583	22,961
Maintenance materials	2,631	31,839	34,470
Depreciation	8,559	138,166	146,725
Stationery and office supplies	168	2,627	2,795
Miscellaneous	739	11,540	12,279
Beverages	434	6,799	7,233
Travel, entertainment, awards and banquet	1,039	16,282	17,321
Legal and accounting fees	800	12,558	13,358
Personal safety equipment	-	3,828	3,828
Printing apparatus	-	8,990	8,990
First aid supplies	-	2,230	2,230
Vehicle maintenance	-	28,434	28,434
Oil and gas	-	11,353	11,353
Major repairs and maintenance	485	7,690	8,175
Software and films	158	2,421	2,579
Length of Service Award Program	4,415	69,185	73,600
Interest expense	-	2,999	2,999
Volunteer recruitment	47	739	786
Wellness program	335	8,660	9,395
<b>TOTAL</b>	<b>\$ 81,431</b>	<b>\$ 1,338,689</b>	<b>\$ 1,420,120</b>

See accompanying notes.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Administration	Firefighting	Total
Manpower	\$ 50,635	\$ 760,230	\$ 810,865
Insurance	3,390	33,844	36,564
Utilities	1,879	28,317	30,196
Fire Prevention Week	-	-	-
Operating materials	1,023	15,404	16,427
Maintenance materials	1,438	21,560	22,998
Depreciation (Note 7)	9,520	143,901	153,421
Stationery and office supplies	158	2,980	3,138
Miscellaneous	824	13,918	14,842
Beverages	469	7,003	7,468
Travel, entertainment, rewards and banquet	685	10,330	11,015
Legal and accounting fees	304	4,581	4,885
Personal safety equipment	-	8,323	8,323
Rescueing apparatus	-	7,352	7,352
First aid supplies	-	3,082	3,082
Vehicle maintenance	-	18,166	18,166
Oil and gas	-	8,831	8,831
Major repairs and maintenance	652	9,848	10,499
Software and films	61	929	986
Length of Service Award Program	799	12,848	12,848
Interest expense	-	5,820	5,820
Volunteer recruitment	35	469	504
Wellness program	267	3,325	3,592
<b>TOTAL</b>	<b>\$ 72,491</b>	<b>\$ 1,164,152</b>	<b>\$ 1,236,643</b>

See accompanying notes.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 320,483	\$ 43,187
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	146,983	153,621
Gain on sale of truck	-	(25,000)
Increase in prepaid insurance	(5,531)	(1,399)
Increase in other assets	(13,613)	(24,363)
(Increase)-decrease in other receivables	(326)	482
Increase (decrease) in accounts payable	(1,787)	1,359
Increase (decrease) in payroll taxes and withholdings payable	1,597	(993)
Increase (decrease) in accrued wages payable	5,191	(978)
Increase in annual leave payable	5,934	4,682
Increase in Length of Service Award Programs	87,623	14,097
Increase (decrease) in due to employees	(181)	31
(Decrease) in accrued pension expense	(1,738)	(1,332)
Net cash provided by operating activities	<u>724,457</u>	<u>181,184</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(280,237)	(45,780)
Proceeds from sale of truck	-	25,000
Net cash used in investing activities	<u>(280,237)</u>	<u>(20,780)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on capital lease obligation	(47,266)	(44,948)
Net cash used in financing activities	<u>(47,266)</u>	<u>(44,948)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>396,954</b>	<b>97,656</b>
Cash and cash equivalents at beginning of year	<u>485,711</u>	<u>388,055</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 882,665</b>	<b>\$ 485,711</b>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Equipment acquired through long term debt	<u>\$ 232,000</u>	<u>\$ _____</u>

See accompanying notes.



THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

ORGANIZATION

The fire department was organized in 1951 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 and has approximately thirty (30) paid employees and forty-four (44) volunteers.

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:

The 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*. Under SFAS No. 117, the fire department is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the fire department is required to present a statement of cash flows.

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. In July, 2002 the ten-year renewal of a 28-cent property tax was approved by public election.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**Revenue: (Continued)**

In addition, the fire department receives revenue from the following:

- A) **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.
- 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 time deposits and certificates of deposit with maturities of three months or less. Cash and cash equivalents are as follows:

	<u>2003</u>	<u>2002</u>
Cash on hand	\$ 766	\$ 766
Cash and cash equivalents in banks	<u>801,379</u>	<u>484,542</u>
	<u>\$ 802,145</u>	<u>\$ 485,308</u>

**Supplemental Disclosures of Cash Flow Information:**

	<u>2003</u>	<u>2002</u>
Cash paid during the year for:		
Interest	\$ 1,999	\$ 3,820
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 in the fire department's program services.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**Net Assets**

In order to insure observance of limitations and restrictions placed on the use of resources available to the District, its accounts are separated into unrestricted and temporarily restricted net assets. The District currently has no permanently restricted net assets.

Unrestricted net assets represent resources whose use is not limited or restricted by donors. They generally arise as a result of exchange transactions, unrestricted contributions or restricted contributions whose restrictions have expired.

Temporarily restricted net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Temporarily restricted net assets are reclassified to unrestricted as their time and/or purpose restrictions are met.

**2. PROPERTY, PLANT AND EQUIPMENT:**

Property, plant and equipment with cost in excess of \$500 is capitalized and depreciated over estimated useful lives ranging from five to forty years. Depreciation expense for the years ended December 31, 2003 and 2002 is \$146,983 and \$153,821, respectively. Included under "Trucks and other automobiles" for the year ended December 31, 2002 is a fire truck acquired under a capital lease at a cost of \$334,123. This lease was paid out in 2003 and the truck is now the unencumbered property of the department. During 2003, another fire truck was acquired under a capital lease at a cost of \$310,377. The amortization expense for the years ended December 31, 2003 and 2002, which is included in depreciation expense, is \$1,745 and \$44,358, respectively. The cost and accumulated depreciation are as follows:

	December 31, 2003		
	Property, Plant and Equipment - Cost	Accumulated Depreciation	Net Property, Plant and Equipment
Land	\$ 88,621	\$ --	\$ 88,621
Buildings	312,990	288,323	23,227
Fire fighting equipment	224,082	143,307	88,758
Radios	450,235	305,898	144,336
Trucks and other automobiles	1,887,840	1,827,540	68,908
Office furniture and equipment	63,121	47,483	12,638
<b>TOTAL</b>	<b>\$ 3,213,889</b>	<b>\$ 1,892,351</b>	<b>\$ 1,428,487</b>

**THIRD-DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

2. **PROPERTY, PLANT AND EQUIPMENT** (Continued)

	December 31, 2003		
	Property, Plant and Equipment - Cost	Accumulated Depreciation	Net Property, Plant and Equipment
	Land	\$ 85,621	\$ -
Buildings	489,703	218,461	271,242
Fire fighting equipment	112,784	127,713	84,989
Radios	185,791	286,140	112,651
Trucks and other automobiles	1,474,091	942,916	531,175
Office furniture and equipment	58,681	43,136	15,545
<b>TOTAL</b>	<b>\$ 2,721,381</b>	<b>\$ 1,658,366</b>	<b>\$ 1,063,015</b>

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. As of December 31, 2003 and 2002, the amount of accrued annual leave was \$28,232 and \$53,298, 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 12% 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, 2003 and 2002, the amount of pension expense was \$75,962 and \$64,794, respectively.

6. **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.

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**8. CONCENTRATION OF CREDIT RISK: (Continued)**

At various times during 2003 and 2002, the fire department had no deposit cash and cash equivalents in excess of FDIC insurance limits. The amount in excess of FDIC coverage at December 31, 2003 and 2002 was \$567,199 and \$322,658, respectively. At December 31, 2003, the financial institution has pledged securities with a market value of \$737,687 to offset the risk of loss to the department.

**9. USE OF ESTIMATES:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**8. LENGTH OF SERVICE AWARD PROGRAM:**

Effective March 1, 1996, the department entered into a contract to offer volunteers a nonqualified defined benefit plan covering substantially all of its volunteers. The amount of cash held by the insurance company to fund this plan for the years ended December 31, 2003 and 2002 was \$259,081 and \$243,876, respectively.

The amount of prior service cost at adoption of the plan was \$183,983. 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 \$8,307.

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:

	2003	2002
Service and interest cost of the current period	\$ 68,377	\$ 6,509
Actual interest credited	(7,359)	(8,545)
Amortization of unrecognized prior service costs	8,307	6,387
Life insurance premiums	3,248	3,687
Administrative fee	1,815	838
<b>PROGRAM EXPENSE</b>	<b>\$ 71,388</b>	<b>\$ 12,866</b>

**THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

**8. LENGTH OF SERVICE AWARD PROGRAM: (Continued)**

The following sets forth the funded status of the plan as of December 31, 2003 and December 31, 2002:

	2003	2002
Actuarial present value of accumulated plan benefits for service rendered to date:		
Vested	\$ 297,281	\$ 257,179
Non-vested	<u>2,886</u>	<u>1,678</u>
	<u>\$ 300,167</u>	<u>\$ 258,857</u>
Actuarial present value of projected benefit obligation	\$ 400,642	\$ 338,552
Plan assets at fair value (included in other assets on the statements of financial position)	(258,891)	(283,470)
Plan assets in deficit of projected benefit obligation	171,251	95,076
Unrecognized prior service costs (FUNDED BY UNFUNDED PROGRAM COST)	(113,527)	(115,834)
	<u>\$ 48,024</u>	<u>\$ 1,24,738</u>
Accumulated plan benefits	\$ 300,167	\$ 258,851
Less: Unrecognized prior service cost	(113,527)	(115,834)
<b>PROGRAM LIABILITY</b>	<u><b>\$ 186,640</b></u>	<u><b>\$ 143,017</b></u>

**9. CAPITAL LEASE:**

In January 2001, a pumper rescue truck was acquired under the terms of a capital lease. Future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 2003 was as follows:

Year ending December 31:	
2003	\$ 38,765
Thereafter	<u>          </u>
Total minimum lease payment	38,765
Less: Amount representing interest	<u>2,099</u>
Present value of net minimum lease payments	<u><b>\$ 36,666</b></u>

During the year ended December 31, 2003 the above lease was paid out.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
 NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

9. CAPITAL LEASE: (Continued)

In December 2000, a custom jumper rescue truck was acquired under the terms of a capital lease. Future minimum lease payments together with the present value of the net minimum lease payments as of December 31, 2000 follows:

Year ending December 31:

2004	\$ 50,912
2005	50,912
2006	50,912
2007	50,912
2008	<u>50,912</u>
Total minimum lease payments	254,560
Less: Amount representing interest	<u>(32,560)</u>
Present value of net minimum lease payments	<u>\$ 222,000</u>





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 parties, state or federal agencies and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

**Duplantier, Housman, Hagan & Miller, L.L.P.**

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2000

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Third District Volunteer Fire Department for the year ended December 31, 2000 was unqualified.
2. Internal Control  
Material weaknesses: none noted  
Reportable conditions: none noted
3. Compliance  
Noncompliance material to financial statements: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS  
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

PRIOR YEAR AUDIT FINDINGS:

There were no findings reported in the prior year audit report.