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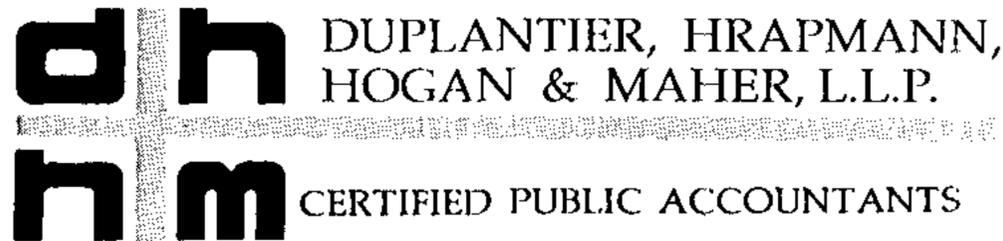
REPORT

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

DECEMBER 31, 1999 AND 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-9-00



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INDEPENDENT AUDITOR'S REPORT

May 3, 2000

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

We have audited the accompanying statements of financial position of Third District Volunteer Fire Department as of December 31, 1999 and 1998 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 generally accepted auditing standards 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 respects, the financial position of the Third District Volunteer Fire Department as of December 31, 1999 and 1998, and its changes in net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2000 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, Hogan & Maher LLP

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1999 AND 1998

ASSETS

	1999	1998
CURRENT ASSETS:		
Cash and cash equivalents	\$ 545,625	\$ 487,377
Prepaid insurance	28,117	33,324
Prepayments to Length of Service Award Program	--	32,339
Total current assets	<u>573,742</u>	<u>553,040</u>
PROPERTY, PLANT AND EQUIPMENT: (Note 2)		
Land	88,621	88,621
Buildings	488,703	448,831
Fire fighting equipment	165,171	135,941
Radios	273,308	273,308
Trucks and other automotives	1,207,173	1,233,592
Office furniture and equipment	53,424	44,931
Total	<u>2,276,400</u>	<u>2,225,224</u>
Less accumulated depreciation	<u>(1,347,406)</u>	<u>(1,251,081)</u>
Net property, plant and equipment	<u>928,994</u>	<u>974,143</u>
Other assets	<u>5,497</u>	<u>5,929</u>
TOTAL ASSETS	<u>\$ 1,508,233</u>	<u>\$ 1,533,112</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 34,895	\$ 15,437
Unexpended insurance proceeds	707	707
Wages payable	22,838	20,339
Payroll taxes payable	3,232	3,183
Annual leave payable (Note 4)	47,478	46,335
Due to employees	262	182
Total current liabilities	<u>109,412</u>	<u>86,183</u>
LONG TERM LIABILITIES:		
Length of Service Award Program (Note 8)	64,136	44,877
Total long term liabilities	<u>64,136</u>	<u>44,877</u>
TOTAL LIABILITIES	173,548	131,060
NET ASSETS:		
Unrestricted	<u>1,334,685</u>	<u>1,402,052</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,508,233</u>	<u>\$ 1,533,112</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
UNRESTRICTED NET ASSETS:		
REVENUE: (Note 1)		
Jefferson Parish millage	\$ 666,000	\$ 666,000
Jefferson Parish sales tax and contribution	52,000	52,000
Jefferson Parish service charge	270,000	270,000
Insurance rebate	74,728	70,968
Interest	10,493	15,697
Miscellaneous	<u>10,515</u>	<u>730</u>
Total revenue	<u>1,083,736</u>	<u>1,075,395</u>
EXPENSES: (Pages 4 and 5)		
Administration	44,802	65,468
Firefighting	<u>1,106,301</u>	<u>1,079,839</u>
Total expenses	<u>1,151,103</u>	<u>1,145,307</u>
DECREASE IN UNRESTRICTED NET ASSETS	(67,367)	(69,912)
Net assets - beginning of year	<u>1,402,052</u>	<u>1,471,964</u>
NET ASSETS, END OF YEAR	<u>\$ 1,334,685</u>	<u>\$ 1,402,052</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Administration</u>	<u>Firefighting</u>	<u>Total</u>
Manpower	\$ 30,406	\$ 700,882	\$ 731,288
Insurance	2,364	53,930	56,294
Utilities	1,232	28,108	29,340
Fire prevention week	49	1,121	1,170
Operating materials	1,176	26,820	27,996
Maintenance materials	911	20,787	21,698
Depreciation (Note 2)	5,155	117,588	122,743
Stationery and office supplies	140	3,196	3,336
Miscellaneous	398	9,099	9,497
Beverages	309	7,051	7,360
Travel, entertainment, awards and banquet	667	15,214	15,881
Legal and accounting fees	361	8,232	8,593
Personal safety equipment	--	8,743	8,743
Breathing apparatus	--	6,974	6,974
First aid supplies	--	2,701	2,701
Vehicle maintenance	--	41,103	41,103
Oil and gas	--	8,013	8,013
Major repairs and maintenance	409	9,335	9,744
Software and films	33	770	803
Length of Service Award Program	1,013	23,121	24,134
Volunteer recruitment	158	3,611	3,769
Wellness program	--	9,410	9,410
Training	21	492	513
TOTAL	<u>\$ 44,802</u>	<u>\$ 1,106,301</u>	<u>\$ 1,151,103</u>

See accompanying notes.

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

	<u>Administration</u>	<u>Firefighting</u>	<u>Total</u>
Manpower	\$ 42,689	\$ 647,654	\$ 690,343
Insurance	4,122	62,534	66,656
Utilities	1,835	27,845	29,680
Fire prevention week	266	4,038	4,304
Operating materials	1,336	20,264	21,600
Maintenance materials	1,489	22,586	24,075
Depreciation (Note 2)	7,233	109,727	116,960
Stationery and office supplies	271	4,114	4,385
Miscellaneous	683	10,370	11,053
Beverages	398	6,036	6,434
Travel, entertainment, awards and banquet	1,381	20,954	22,335
Legal and accounting fees	475	7,201	7,676
Personal safety equipment	--	15,655	15,655
Breathing apparatus	--	2,302	2,302
First aid supplies	--	3,027	3,027
Vehicle maintenance	--	46,248	46,248
Oil and gas	--	9,839	9,839
Major repairs and maintenance	945	14,346	15,291
Software and films	131	1,992	2,123
Length of Service Award Program	2,083	31,608	33,691
Volunteer recruitment	96	1,451	1,547
Wellness program	--	9,524	9,524
Training	35	524	559
TOTAL	<u>\$ 65,468</u>	<u>\$ 1,079,839</u>	<u>\$ 1,145,307</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in unrestricted net assets	\$ (67,367)	\$ (69,912)
Adjustments to reconcile increase (decrease) in unrestricted net assets to cash provided by operating activities:		
Depreciation	122,743	116,960
Decrease in prepaid insurance	5,207	845
(Increase) decrease in prepayments to Length of Service Award Program	32,339	(304)
Decrease in deposits on fire truck	--	60,749
(Increase) decrease in other assets	432	(3,473)
Increase (decrease) in accounts payable	19,458	(6,846)
Increase in payroll taxes payable	49	337
Increase in wages payable	2,499	3,432
Increase in annual leave payable	1,143	19,702
Increase in Length of Service Award Programs	19,259	26,231
Increase in due to employees	80	156
Net cash provided by operating activities	<u>135,842</u>	<u>147,877</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(77,594)</u>	<u>(358,279)</u>
Net cash used in investing activities	<u>(77,594)</u>	<u>(358,279)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	58,248	(210,402)
Cash and cash equivalents at beginning of year	<u>487,377</u>	<u>697,779</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>545,625</u>	\$ <u>487,377</u>

See accompanying notes.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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.

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. As of December 31, 1999 and 1998, the fire department had only unrestricted net assets.

The statement of activities presents expenses of the fire department's operations functionally between administration and program services for firefighting. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Revenue:

Under the present contract with Jefferson Parish, the Parish pays the fire department monthly installments which represent the net proceeds of millage levied annually on the assessed valuation of property in the Third Fire Protection District. On April 3, 1993 the 10-year renewal of a 15-mill property tax was approved by public election.

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

- A) Jefferson Parish Sales Tax - amount received is based on the number of fire stations. The subsidy is received monthly at a rate of \$750 per fire station.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue: (Continued)

- B) Jefferson Parish Contributions - amount received is based on the number of fire stations. The subsidy is received quarterly at a rate of \$1,000 per fire station.
- C) Insurance Rebates - amount is received annually from the State of Louisiana through Jefferson Parish. The amount received is based on the number of homes within the fire district.
- D) Jefferson Parish Service Charge - Effective January 1, 1990 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 3 months or less. Cash and cash equivalents are as follows:

	<u>1999</u>	<u>1998</u>
Cash on hand	\$ 767	\$ 767
Cash and cash equivalents in banks	384,500	354,899
Cash held by insurance company	<u>160,358</u>	<u>131,711</u>
	<u>\$ 545,625</u>	<u>\$ 487,377</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	\$ --	\$ --
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.

Reclassification:

Certain 1998 amounts have been reclassified in 1999 to conform with the current year's presentation.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS DECEMBER 31, 1999 AND 1998

2. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of land, buildings, automobiles, fire trucks, fire equipment and office equipment with a value over \$500 which are carried at cost, and are being depreciated over their estimated useful lives ranging from five to forty years. Depreciation expense for the years ended December 31, 1999 and 1998 were \$122,743 and \$116,960, respectively. The cost and accumulated depreciation are as follows:

	<u>December 31, 1999</u>		
	Property, Plant and Equipment - <u>Cost</u>	Accumulated <u>Depreciation</u>	Net Property, Plant and Equipment
Land	\$ 88,621	\$ --	\$ 88,621
Buildings	488,703	190,478	298,225
Fire fighting equipment	165,171	84,766	80,405
Radios	273,308	240,600	32,708
Trucks and other automotives	1,207,173	800,953	406,220
Office furniture and equipment	<u>53,424</u>	<u>30,609</u>	<u>22,815</u>
TOTAL	<u>\$ 2,276,400</u>	<u>\$ 1,347,406</u>	<u>\$ 928,994</u>
	<u>December 31, 1998</u>		
	Property, Plant and Equipment - <u>Cost</u>	Accumulated <u>Depreciation</u>	Net Property, Plant and Equipment
Land	\$ 88,621	\$ --	\$ 88,621
Buildings	448,831	167,659	281,172
Fire fighting equipment	135,941	71,864	64,077
Radios	273,308	232,817	40,491
Trucks and other automotives	1,233,592	752,390	481,202
Office furniture and equipment	<u>44,931</u>	<u>26,351</u>	<u>18,580</u>
TOTAL	<u>\$ 2,225,224</u>	<u>\$ 1,251,081</u>	<u>\$ 974,143</u>

3. INCOME TAXES:

The fire department is exempt from federal and state income taxes under the Internal Revenue Code 501(c)(3).

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

4. ANNUAL LEAVE PAYABLE:

All full time employees of the Third District Volunteer Fire Department accumulate annual leave which is accrued annually based on each employee's accumulated hours and current rate of pay. Beginning in 1992 the amount of hours that each employee can accumulate is limited to 800 hours. Payment of annual leave must be approved by the Board. For the years ended December 31, 1999 and 1998, the amount of accrued annual leave was \$47,478 and \$46,335, respectively.

5. PENSION PLAN:

The company sponsors a defined contribution plan that covers all employees who have at least 1,000 service hours annually.

Contributions to the plan are based on 10% of the gross wages paid by the fire department plus the supplemental wages received from the State of Louisiana.

For the years ended December 31, 1999 and 1998, the amount of pension expense was \$44,998 and \$37,513, respectively.

6. CONCENTRATION OF CREDIT RISK:

At various times during 1999 and 1998, the fire department had on deposit cash and cash equivalents in excess of FDIC insurance limits.

7. 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.

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 prior service cost at adoption of the plan was \$163,983. 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 \$6,307.

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

8. LENGTH OF SERVICE AWARD PROGRAM: (Continued)

The benefits are based on years of volunteer service to the fire department at \$5.00 per month up to thirty years of service. The participant vests after five years of service. The plan is noncontributory and administered by a trustee. The assumed interest rate is 5.5%. Net periodic cost includes the following components:

	<u>1999</u>	<u>1998</u>
Service and interest cost of the current period	\$19,852	\$25,524
Actual interest credited	(6,938)	(6,562)
Amortization of unrecognized prior service costs	6,307	6,307
Life insurance premiums	7,339	7,717
Administrative fee	<u>858</u>	<u>705</u>
PROGRAM EXPENSE	<u>\$27,418</u>	<u>\$33,691</u>

The following sets forth the funded status of the plan as of December 31, 1999 and December 31, 1998:

	<u>1999</u>	<u>1998</u>
Actuarial present value of accumulated plan benefits for service rendered to date:		
Vested	\$200,312	\$188,043
Non-vested	<u>2,579</u>	<u>1,896</u>
	<u>\$202,891</u>	<u>\$189,939</u>
Actuarial present value of projected benefit obligation	\$296,735	\$285,390
Plan assets at fair value (included in cash on the statements of financial position)	<u>(160,358)</u>	<u>(131,711)</u>
Plan assets in deficit of projected benefit obligation	136,377	153,679
Unrecognized prior service costs (FUNDED)/UNFUNDED	<u>(138,755)</u>	<u>(145,062)</u>
PROGRAM COST	<u>\$ (2,378)</u>	<u>\$ 8,617</u>
Accumulated plan benefits	\$202,891	\$189,939
Less: Unrecognized prior service cost	<u>138,755</u>	<u>145,062</u>
PROGRAM LIABILITY	<u>\$ 64,136</u>	<u>\$ 44,877</u>

THIRD DISTRICT VOLUNTEER FIRE CO., NO. 2
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1999

May 3, 2000

To the Board of Directors
Third District Volunteer Fire Department

We have audited the financial statements of Third District Volunteer Fire Department (a nonprofit organization) as of and for the year ended December 31, 1999, and have issued our report thereon dated May 3, 2000.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Third District Volunteer Fire Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 Third District Volunteer Fire Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, management, and applicable parish, state or federal agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hagan & Maher LLP

THIRD DISTRICT VOLUNTEER FIRE DEPARTMENT

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DECEMBER 31, 1999 AND 1998

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