R E P O R T

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3

DECEMBER 31, 2013 AND 2012

MARRERO-RAGUSA VOLUNTEER
FIRE COMPANY NO. 3

REPORT INDEX

DECEMBER 31, 2013 AND 2012

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HOGAN & MAHER, L.L.P.
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INDEPENDENT AUDITOR'S REPORT

May 12, 2014

Board of Directors
Marrero-Ragusa Volunteer Fire
 Company No. 3
Marrero, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Marrero-Ragusa Volunteer Fire Company No. 3 (a Louisiana nonprofit corporation) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

1615 Poydras Street, Suite 2100 • New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888
1670 Old Spanish Trail • Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940
247 Corporate Drive • Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833
5047 Highway 1, P. O. Box 830 • Napoleonville, LA 70390 • (985) 369-6003 • Fax (985) 369-9941
www.dhhmcpa.com

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marrero-Ragusa Volunteer Fire Company No. 3 as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2014 on our consideration of Marrero-Ragusa Volunteer Fire Company No. 3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marrero-Ragusa Volunteer Fire Company No. 3's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents (Notes 1, 2 and 3)	$ 692,189	$ 535,246
Investments (Note 10)	288,585	-
Accounts receivable	1,464	1,464
Total current assets	982,238	536,710
Property and equipment, net of accumulated depreciation (Note 4)	831,965	377,534
TOTAL ASSETS	$ 1,814,203	$ 914,244

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES:		
Accrued payroll and tax liabilities	$ 16,581	$ 49,127
Accounts payable	-	5,345
Accrued interest payable	-	1,014
Compensated absences (Note 6)	31,067	29,177
Current portion of notes payable (Note 8)	33,201	-
Total current liabilities	80,849	84,663
LONG-TERM LIABILITIES:		
Capital lease obligations, net of current portion (Note 7)	-	10,112
Notes payable (Note 8)	312,854	-
Total long-term liabilities	312,854	10,112
Total liabilities	393,703	94,775
Unrestricted net assets	1,420,500	819,469
Total net assets	1,420,500	819,469
TOTAL LIABILITIES AND NET ASSETS	$ 1,814,203	$ 914,244

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
UNRESTRICTED NET ASSETS:		
REVENUE:		
Contract revenue:		
Firefighting contract	$ 2,400,000	$ 1,920,000
Ad valorem	-	400,000
Jefferson Parish insurance rebate	51,064	44,361
Operating Budget - Ad valorem	-	150
Interest	156	96
Rent (Note 15)	14,520	14,520
Gain on sale of assets	100,327	-
Other	212,332	21,158
Social funds	-	682
Gain (loss) on investments	(11,415)	-
Total revenue	2,766,984	2,400,967
EXPENSES:		
Program services - firefighting (Pages 5 and 6)	2,039,896	1,897,982
Supporting services: (Pages 5 and 6)		
Management and general	124,133	134,828
Fundraising	1,924	352
Total expenses	2,165,953	2,033,162
INCREASE IN UNRESTRICTED NET ASSETS	601,031	367,805
Net assets - beginning of year	819,469	451,664
NET ASSETS - END OF YEAR	$ 1,420,500	$ 819,469

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Firefighting	Management and General	Fundraisng	Total
EXPENSES:				
Accounting and legal	$ -	$ 11,839	$ -	$ 11,839
Advertising	-	-	-	-
Arson investigation	2,696	-	-	2,696
Bank charges	-	1,062	-	1,062
Convention expenses	18	-	-	18
Depreciation	80,555	3,095	-	83,650
Dues and subscriptions	-	12,000	-	12,000
Equipment	40,353	1,380	-	41,733
Fire prevention	2,370	-	-	2,370
Fire station supplies	38,653	-	-	38,653
Fuel	25,425	-	-	25,425
Gear	-	-	-	-
Golf tournament	-	-	1,924	1,924
Insurance	419,729	16,127	-	435,856
Interest	-	10,866	-	10,866
Medical	6,278	241	-	6,519
Meetings	-	3,418	-	3,418
Miscellaneous	43	2,786	-	2,829
Office	-	11,754	-	11,754
Payroll taxes	92,675	3,147	-	95,822
Repairs - station and vehicles	126,399	-	-	126,399
Retirement contribution	35,199	1,346	-	36,545
Salaries and wages	1,122,071	42,916	-	1,164,987
Social	-	834	-	834
Taxes and licenses	1,092	-	-	1,092
Telephone and utilities	34,407	1,322	-	35,729
Training and travel	10,029	-	-	10,029
Uniforms	1,904	-	-	1,904
TOTAL	$ 2,039,896	$ 124,133	$ 1,924	$ 2,165,953

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Firefighting	Management and General	Fundraising	Total
EXPENSES:				
Accounting and legal	$ -	$ 15,814	$ -	$ 15,814
Advertising	439	-	-	439
Arson investigation	1,784	-	-	1,784
Bank charges	-	2,502	-	2,502
Convention	218	-	-	218
Depreciation	58,761	-	-	58,761
Dues and subscriptions	-	7,705	-	7,705
Equipment	50,221	2,206	-	52,427
Fire prevention	933	-	-	933
Fire station supplies	43,634	-	-	43,634
Fuel	26,468	-	-	26,468
Gear	12,094	-	-	12,094
Golf tournament	-	-	352	352
Insurance	367,231	-	-	367,231
Interest	-	-	-	-
Medical	-	9,347	-	9,347
Meetings	-	4,756	-	4,756
Miscellaneous	-	1,041	-	1,041
Office	-	6,697	-	6,697
Payroll taxes	89,367	2,270	-	91,637
Repairs - station and vehicles	165,842	-	-	165,842
Retirement contribution	38,348	1,489	-	39,837
Salaries and wages	1,026,705	39,854	-	1,066,559
Social	-	7,723	-	7,723
Taxes and licenses	177	-	-	177
Telephone and utilities	-	33,424	-	33,424
Training and travel	5,603	-	-	5,603
Uniforms	10,157	-	-	10,157
TOTAL	$ 1,897,982	$ 134,828	$ 352	$ 2,033,162

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in net assets	$ 601,031	$ 367,805
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	83,650	58,761
Loss on Investments	11,415	-
Gain on assets sold	(100,327)	-
Decrease in accrued payroll and tax liabilities	(32,546)	(1,299)
Decrease in accounts payable	(5,345)	(3,650)
Decrease in accrued interest payable	(1,014)	(4,711)
Increase in compensated absences	1,890	4,752
Net cash provided by operating activities	558,754	421,658
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(300,000)	-
Acquisition of equipment	(57,209)	(10,127)
Proceeds from assets disposed	400	-
Net cash used by investing activities	(356,809)	(10,127)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Loan payments	(34,890)	-
Capital lease payments	(10,112)	(17,543)
Net cash used by financing activities	(45,002)	(17,543)
NET INCREASE IN CASH	156,943	393,988
Cash at beginning of year	535,246	141,258
CASH AT END OF YEAR	$ 692,189	$ 535,246
SUPPLEMENTAL DISCLOSURES:		
Interest paid	$ 11,880	$ 4,711
Taxes paid	$ -	$ -
NONCASH INVESTMENTS AND FINANCING ACTIVITIES:		
Purchase of fire truck through note payable	$ 380,946	$ -
Trade-in value	$ 100,000	$ -

See accompanying notes.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

ORGANIZATION:

Marrero-Ragusa Volunteer Fire Company No. 3 (the Company) was established in 1954 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 Company provides fire code inspections for businesses within its district, as well as firefighting and rescue training for its members. The Company maintains three fire stations and has twenty-seven paid employees and approximately twenty-five volunteers. The Company's main source of revenue is a fire protection contract with Jefferson Parish effective for the period June 1, 2004 through May 31, 2014. The contract was adopted by the Jefferson Parish Council on May 25, 2004 by resolution number 103561 and amended on July 27, 2011 by resolution number 117162.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Basis of Accounting and Financial Statement Presentation:

The financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

The Company follows FASB ASC 958-205, *Financial Statements of Nonprofit Organizations*. Under FASB ASC 958-205, the 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 Company is required to present a statement of cash flows. As of December 31, 2013 and 2012, the fire company had only unrestricted net assets.

The statement of activities presents expenses of the Company's operations functionally between program service for firefighting, administrative and general and social. Those expenses which cannot be functionally categorized are allocated between functions based upon management's estimate of usage applicable to conducting those functions.

Contributions:

The Company adopted FASB ASC 605-10, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC 605-10, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions.

FASB ASC 605-10 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 Company's volunteer firefighters undergo extensive specialized training, and the firefighting services would have to be purchased by the Company or Jefferson Parish if the services were not provided by volunteers.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes:

The Company is exempt from income taxes under Internal Revenue Code Section 501(c)(4) as a nonprofit organization and, accordingly the financial statements do not reflect a provision for income taxes.

The Company's federal Return of Organization Exempt from Income Tax (990) for 2013, 2012, 2011, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, Marrero-Ragusa considers cash in operating bank accounts, demand deposits, cash on hand, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents.

Investments:

The Company accounts for investments in accordance with ASC 958-320-50. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. At December 31, 2013, investments consisted of mutual funds and are reported at their fair values based on quoted market prices. The quoted market prices are considered a Level 1 input under the fair value hierarchy as qualified by ASC 820-10-50. Unrealized gains and losses are included in the changes in net assets.

Property and Equipment:

Acquisitions of property and equipment in excess of $5,000 and expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. 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:

Vehicles	5 - 7 years
Furniture and fixtures	3 - 10 years
Firefighting and rescue equipment	5 - 10 years
Buildings and improvements	7 - 35 years

Advertising Costs:

Advertising costs are expensed as incurred and totaled $-0- and $439 for the years ended December 31, 2013 and 2012, respectively.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH:

At December 31, 2013 and 2012, the Company maintained cash balances in two local banks. The bank balances totaled $449,855 and $162,816 and the book balances totaled $397,178 and $126,934, respectively. The book balances include petty cash in the amount of $500 and $2,268 for the years ended December 31, 2013 and 2012, respectively.

Bank balances totaling $196,144 were not insured by federal deposit insurance. Private fundraising monies are segregated from other funds and the bank and book account balances maintained by the Company are $16,301 and $8,799, respectively, and are included in the above totals.

3. CASH EQUIVALENTS:

At December 31, 2013 and 2012, the Company held cash equivalents with a fair value of $294,511 and $408,312, respectively. These funds are managed by Louisiana Asset Management Pool (LAMP), held by a custodial bank and are in the name of the fund.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government and quasi-public entities having contracted to participate in LAMP have an investment in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments and quasi-public entities in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. LAMP is rated AAAm by Standard and Poor's.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

3. CASH EQUIVALENTS: (Continued)

LAMP is a local government 2a7-like investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than ninety days and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

4. PROPERTY AND EQUIPMENT:

Below is a summary of the Company's property and equipment at December 31, 2013 and 2012:

	2013	2012
Land	$ 127,000	$ 127,000
Parking lot	35,400	35,400
Buildings	365,679	365,679
Building improvements	112,191	112,473
Vehicles	960,061	900,154
Equipment	374,779	376,191
Communication equipment	130,246	130,246
Furniture and fixtures	20,899	57,489
	2,126,256	2,104,632
Less accumulated depreciation	(1,294,291)	(1,727,098)
Net property and equipment	$ 831,965	$ 377,534

Depreciation totaled $83,650 and $58,761 for the years ended December 31, 2013 and 2012, respectively.

5. DONATED SERVICES:

Amounts have not been reflected in the financial statements for donated services because the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time in the Company's program services.

All members of the Board of Directors serve without compensation.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

6. COMPENSATED ABSENCES:

The Company's paid operators accrue vacation at varying rates based on their term of service. At December 31, 2013 and 2012, eighteen and nineteen employees, respectively, had accumulated a total of $31,067 and $29,177, respectively, of unused vacation.

7. CAPITAL LEASE OBLIGATIONS:

On January 5, 2011, the Company executed a financing lease-purchase agreement for a 2011 Ford Expedition. The lease obligation is amortized requiring four annual payments of $11,127 due January 5 of each year and includes an interest charge of 10.03% per annum. The final lease payment was made during the year ended December 31, 2013.

The total cost and accumulated depreciation recorded for the vehicles financed by capital leases was $71,379 and $48,458, and $71,379 and $35,717, respectively, at December 31, 2013 and 2012. Depreciation expense reported in the statement of activities included $12,740 and $12,740 for the vehicles under capital leases for the years ended December 31, 2013 and 2012, respectively.

8. NOTES PAYABLE:

During the year ended December 31, 2013, the Company executed a governmental contract obligation with Republic First National Corporation to finance the purchase of a fire truck. The obligation is payable in ten annual installments of $45,757 each due on August 1 of each year and includes an interest charge of 3.63% per annum. The obligation matures on August 1, 2022 and is secured by One Ferrara Custom Pumper.

The future schedule of minimum payments is as follows:

Year ending December 31	2014	$ 33,201
	2015	34,406
	2016	35,654
	2017	36,948
	2018	38,288
	Thereafter	167,558
		346,055
Less: current portion due in one year		(33,201)
Long-term liability		$ 312,854

Interest expense was $10,866 and $-0- for the years ended December 31, 2013 and 2012, respectively.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

9. EMPLOYEE BENEFIT PLANS:

The Company has a 401(k) retirement plan for all eligible employees. Eligible employees must contribute up to 2% of their gross salary to be eligible for employer matching contributions. The Company may make a discretionary matching contribution equal to a percentage of salary deferrals. In addition, the Company is allowed to make a discretionary profit sharing contribution for its eligible employees. The Company made an employer matching contribution up to 4% for all eligible employees. During the years ended December 31, 2013 and 2012, the Company contributed a total of $36,545 and $39,837, respectively, to the plan.

10. INVESTMENTS:

Investments consisted of the following at December 31, 2013:

	Fair Market Value	Fair Value Measurements Using Quoted Prices in Markets For Identical Assets (Level 1)
Mutual funds	$ 288,585	$ 288,585

Following is a summary of investment return for the year ended December 31, 2013:

Interest and dividends income	$ 9,544
Net realized and unrealized gain (loss)	(20,959)
Total investment return	$ (11,415)

11. EXPENSES PAID BY OTHERS:

The full-time firefighters of the Company receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. The amount of pay received varies based on years of service. As these supplemental state funds are paid directly to the firefighters, and do not pass through the Company, they are not included in these financial statements.

12. SOCIAL FUNDS:

The Company maintains separate funds derived from social activities. During the years ended December 31, 2013 and 2012, the Company had proceeds of $-0- and $682, respectively, from all social activities and recognized expenses totaling $834 and $7,723, respectively.

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY NO. 3
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

13. ECONOMIC DEPENDENCY, FIRE PROTECTION CONTRACT:

Substantially all of the Company's public support is derived from funds provided by Jefferson Parish. The Company has a contract with Jefferson Parish, effective June 1, 2004 through May 31, 2014, under which the Company receives one-third of certain ad valorem taxes assessed within the Eighth Fire Protection District of Jefferson Parish, as well as additional funding from sales taxes and fire insurance rebates. Additionally in October 2012, the Company received $400,000 to purchase equipment in the year 2013.

Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

14. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

15. RENTAL INCOME/GROUND LEASE AGREEMENT:

On April 15, 2001, the Company signed a ground lease agreement with Trinity Wireless Towers, Inc. for the construction of a wireless communication transmissions and reception facility on its premises. The Trinity Wireless Towers, Inc. agreement requires rent to be paid in equal monthly installments of $1,100. The initial terms of the ground lease are for a five-year period commencing on the thirteenth day following the completion of the facility. The agreement has automatic renewal terms for ten successive five-year periods, with a 10% increase, unless written termination is provided by the Company within thirty days prior to expiration of the term or any renewal term. In September 2011, the monthly rent increased by 10% to $1,210. The Company is responsible for providing twenty-four hour seven days a week access to the premises and the maintenance of any existing access roadway to the facility.

During 2013 and 2012, the Company received $14,520 and $14,520, respectively, under this agreement.

16. DATE OF MANAGEMENT'S REVIEW:

Subsequent events have been evaluated through May 12, 2014, which is the date the financial statements were available to be issued.

17. RECLASSIFICATIONS:

Certain amounts presented in the prior period have been reclassified in order to be consistent with current year's presentation. Net assets have remained unchanged.

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 12, 2014

To the Board of Directors
Marrero-Ragusa Volunteer Fire
Company No. 3
Marrero, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marrero-Ragusa Volunteer Fire Company No. 3 (a Louisiana nonprofit organization), which comprise the statement of financial position as December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marrero-Ragusa Volunteer Fire Company No. 3's (the Company) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

1615 Poydras Street, Suite 2100 • New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888
1670 Old Spanish Trail • Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940
247 Corporate Drive • Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833
5047 Highway 1, P. O. Box 830 • Napoleonville, LA 70390 • (985) 369-6003 • Fax (985) 369-9941
www.dhhmcpa.com

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marrero-Ragusa Volunteer Fire Company No. 3's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and is not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY, NO. 3
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Marrero-Ragusa Volunteer Fire Company for the year ended December 31, 2013 was unmodified.
2. Internal Control
   Material weaknesses: None noted
   Significant deficiencies: None noted
3. Compliance and Other Matters
   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 noted

MARRERO-RAGUSA VOLUNTEER FIRE COMPANY, NO. 3
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

STATUS OF PRIOR YEAR FINDINGS:

12-01 Employee Credit Card Use

In the prior year, it was noted that the Company did not follow controls in place in all instances for proper oversight of credit card usage. Some of the meals charged lacked support regarding the business purpose or the persons participating.

Status

This finding was resolved in the current year.