

R E P O R T

MARRERO-HARVEY VOLUNTEER
FIRE COMPANY NO. 1

DECEMBER 31, 2013 AND 2012

MARRERO-HARVEY VOLUNTEER
FIRE COMPANY NO. 1

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DECEMBER 31, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

June 2, 2014

Board of Directors
Marrero-Harvey Volunteer Fire Company No. 1
808 MacArthur Avenue
Harvey, Louisiana 70058

Report on the Financial Statements

We have audited the accompanying financial statements of Marrero-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization) 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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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 risks 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-Harvey Volunteer Fire Company No. 1 as of December 31, 2013 and 2012, and the changes in its net assets, and its cash flows for the years then ended in accordance 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 June 2, 2014, on our consideration of Marrero-Harvey Volunteer Fire Company No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 that 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-Harvey Volunteer Fire Company No. 1's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS:		
Cash and cash equivalents (Notes 1 and 2)	\$ <u>2,778,068</u>	\$ <u>2,025,469</u>
Total current assets	<u>2,778,068</u>	<u>2,025,469</u>
PROPERTY AND EQUIPMENT -		
(Notes 1 and 3) (net of accumulated depreciation of \$2,408,941 and \$2,380,068)	<u>1,304,917</u>	<u>1,422,442</u>
OTHER ASSETS:		
Due from Jefferson Parish (Note 9)	42,657	-
Prepaid expenses	<u>26,217</u>	<u>28,956</u>
TOTAL ASSETS	\$ <u>4,151,859</u>	\$ <u>3,476,867</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 16,031	\$ 5,985
Accrued expenses	41,514	35,555
Accrued leave (Note 1)	46,061	40,276
Accrued payroll taxes	<u>3,176</u>	<u>2,720</u>
Total current liabilities	<u>106,782</u>	<u>84,536</u>
NET ASSETS:		
Unrestricted	<u>4,045,077</u>	<u>3,392,331</u>
Total net assets	<u>4,045,077</u>	<u>3,392,331</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>4,151,859</u>	\$ <u>3,476,867</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS:		
Unrestricted revenues:		
Firefighting contract (Note 5)	\$ 2,400,000	\$ 1,920,000
Operating subsidy/capital improvements (Note 5)	-	400,000
FEMA grant	-	18,831
Insurance rebate (Note 5)	51,064	44,361
Donated firefighting services (Note 4)	67,022	64,945
Interest	1,164	2,107
Other income	59,641	26,588
Insurance proceeds	11,346	-
Total unrestricted revenues	<u>2,590,237</u>	<u>2,476,832</u>
Expenses: (Pages 5 and 6)		
Program services - firefighting	1,753,478	1,759,595
Supporting activities - management and general	184,013	177,252
Total expenses	<u>1,937,491</u>	<u>1,936,847</u>
CHANGE IN UNRESTRICTED NET ASSETS	652,746	539,985
Net assets - beginning of year	<u>3,392,331</u>	<u>2,852,346</u>
NET ASSETS - END OF YEAR	<u>\$ 4,045,077</u>	<u>\$ 3,392,331</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING ACTIVITIES</u>	
	<u>Firefighting</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 9,853	\$ 9,853
Bank charges	-	424	424
Depreciation	144,373	16,042	160,415
Donated firefighting services	67,022	-	67,022
Dues and subscriptions	1,147	127	1,274
Firefighting supplies	43,910	-	43,910
Fuel	25,170	-	25,170
Insurance	319,699	35,522	355,221
Investigations	1,166	-	1,166
Loss on disposal of assets	17,668	-	17,668
Maintenance	49,337	-	49,337
Meals and consumables	6,029	-	6,029
Medical	12,661	1,407	14,068
Miscellaneous	4,640	516	5,156
Office	-	3,630	3,630
Operating supplies	9,825	-	9,825
Payroll taxes	81,194	9,022	90,216
Radio	4,203	-	4,203
Retirement	22,801	2,533	25,334
Salaries and wages	907,902	100,878	1,008,780
Telephone	2,076	231	2,307
Travel	-	200	200
Utilities	32,655	3,628	36,283
	<u> </u>	<u> </u>	<u> </u>
TOTAL	<u>\$ 1,753,478</u>	<u>\$ 184,013</u>	<u>\$ 1,937,491</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>PROGRAM SERVICES</u>	<u>SUPPORTING ACTIVITIES</u>	
	<u>Firefighting</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES:			
Accounting and legal	\$ -	\$ 8,805	\$ 8,805
Bank charges	-	-	-
Depreciation	155,966	17,330	173,296
Donated firefighting services	64,945	-	64,945
Dues and subscriptions	536	60	596
Firefighting supplies	27,290	-	27,290
Fuel	25,294	-	25,294
Insurance	298,988	33,221	332,209
Investigations	468	-	468
Loss on disposal of assets	13,512	-	13,512
Maintenance	113,852	-	113,852
Meals and consumables	5,112	-	5,112
Medical	9,393	1,044	10,437
Miscellaneous	11,483	1,276	12,759
Office	-	2,036	2,036
Operating supplies	4,948	-	4,948
Payroll taxes	91,289	10,143	101,432
Radio	6,490	-	6,490
Retirement	20,568	2,285	22,853
Salaries and wages	878,288	97,588	975,876
Telephone	-	-	-
Travel	-	-	-
Utilities	31,173	3,464	34,637
	<u>31,173</u>	<u>3,464</u>	<u>34,637</u>
TOTAL	<u>\$ 1,759,595</u>	<u>\$ 177,252</u>	<u>\$ 1,936,847</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 652,746	\$ 539,985
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	160,415	173,296
Loss on sale of property and equipment	17,668	13,512
(Increase) decrease in operating assets:		
Prepaid expenses	2,739	(10,194)
Due from Jefferson Parish	(42,657)	-
Increase (decrease) in operating liabilities:		
Accounts payable	10,046	(8,838)
Accrued leave	5,785	(11,572)
Accrued expenses	5,959	7,915
Accrued payroll taxes	456	2,720
Net cash provided by operating activities	<u>813,157</u>	<u>706,824</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	<u>(60,558)</u>	<u>(3,975)</u>
Net cash used in investing activities	<u>(60,558)</u>	<u>(3,975)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	752,599	702,849
Cash and cash equivalents - beginning of year	<u>2,025,469</u>	<u>1,322,620</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>2,778,068</u>	\$ <u>2,025,469</u>

See accompanying notes.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

ORGANIZATION:

Marrero-Harvey Volunteer Fire Company No. 1 (the fire company) was established to provide firefighting and rescue services to a designated area of the Eighth Fire Protection District (a separate entity) of Jefferson Parish, Louisiana. 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 twenty-two paid employees and twenty-three volunteers. The fire 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 Jefferson Parish Council on May 25, 2005 by resolution number 103561.

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

The fire company's statements are presented in accordance with the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205 *Presentation of Financial Statements for Not-for-Profit Entities*. Under ASC 958, 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. As of December 31, 2013 and 2012, 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 adopted ASC 605-10, *Accounting for Contributions Received and Contributions Made*. In accordance with 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.

ASC 958-605 provides that the value of donated services should 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.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributions and Donated Services: (Continued)

The fire company's volunteer firefighters undergo extensive specialized training, and the firefighting services would have to be purchased if the services were not provided by volunteers. Accordingly, donated firefighting services are recognized in the financial statements at estimated fair value.

Income Taxes:

The fire 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 fire company's federal Return of Organization Exempt from Income Tax (Form 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, the fire company has defined cash and cash equivalents as cash in banks, money market accounts and certificates of deposit with original maturities of three months or less.

Property and Equipment:

Acquisitions of property and equipment in excess of \$1,000 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	7 - 15 years
Furniture and fixtures	5 - 10 years
Firefighting equipment	7 - 25 years
Buildings and improvements	10 - 30 years

Accrued Leave:

Annual Leave

Employees earn and accumulate annual leave at various rates, depending on their years of service. The maximum amount of annual leave that may be accumulated in one year is 360 hours. A maximum of 216 hours of annual leave can be carried over to the next calendar year. Upon termination, employees are compensated for up to 576 hours of unused annual leave at the employees' hourly rate of pay at the time of termination.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accrued Leave: (Continued)

Annual Leave (Continued)

The liability for accrued annual leave was \$46,061 and \$40,276 as of December 31, 2013 and 2012, respectively.

Sick Leave

Operators scheduled to work 50 or more hours per week earn sick leave. However, upon termination of employment for any reason, the employee will not be paid for any sick leave.

2. CASH AND CASH EQUIVALENTS:

At December 31, 2013 and 2012, the fire company maintained cash balances and savings accounts in several local banks. A U.S. Treasury money market account was maintained at a brokerage company. The bank balances and book balances as of December 31, 2013 and 2012 were as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>	<u>Book</u> <u>Balances</u>	<u>Bank</u> <u>Balances</u>
Checking accounts	\$ 2,596,152	\$ 2,599,305	\$ 1,386,853	\$ 1,400,413
Savings accounts	181,916	181,916	462,567	462,567
Money market account	<u>--</u>	<u>--</u>	<u>176,049</u>	<u>176,049</u>
Total cash and cash equivalents	<u>\$ 2,778,068</u>	<u>\$ 2,781,221</u>	<u>\$ 2,025,469</u>	<u>\$ 2,039,029</u>

The fire company's bank balances were entirely covered by FDIC insurance or pledged securities held by Capital One Bank in the name of Marrero-Harvey Volunteer Fire Company No. 1 at December 31, 2013 and 2012, respectively.

The money market account was fully insured at December 31, 2012, by the Securities Investor Protection Corporation. The money market account was closed during the year ended December 31, 2013.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
 NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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, 2013 and 2012:

	2013			Balance December 31, 2013
	Balance January 1, 2013	Additions	Disposals	
Land	\$ 89,218	\$ --	\$ --	\$ 89,218
Buildings and improvements	1,343,295	14,028	149,210	1,208,113
Vehicles	1,702,376	2,859	--	1,705,235
Firefighting equipment	611,591	16,238	--	627,829
Furniture and fixtures	56,030	--	--	56,030
Construction in progress	<u>--</u>	<u>27,433</u>	<u>--</u>	<u>27,433</u>
	3,802,510	60,558	149,210	3,713,858
Accumulated depreciation	<u>(2,380,068)</u>	<u>(160,415)</u>	<u>131,542</u>	<u>(2,408,941)</u>
Net property and equipment	<u>\$ 1,422,442</u>	<u>\$ (99,857)</u>	<u>\$ 17,668</u>	<u>\$ 1,304,917</u>
	2012			
	Balance January 1, 2012	Additions	Disposals	Balance December 31, 2012
Land	\$ 89,218	\$ --	\$ --	\$ 89,218
Buildings and improvements	1,341,102	2,193	--	1,343,295
Vehicles	1,861,153	--	158,777	1,702,376
Firefighting equipment	693,998	1,782	84,189	611,591
Furniture and fixtures	<u>56,030</u>	<u>--</u>	<u>--</u>	<u>56,030</u>
	4,041,501	3,975	242,966	3,802,510
Accumulated depreciation	<u>(2,436,226)</u>	<u>(173,296)</u>	<u>229,454</u>	<u>(2,380,068)</u>
Net property and equipment	<u>\$ 1,605,275</u>	<u>\$ (169,231)</u>	<u>\$ 13,512</u>	<u>\$ 1,422,442</u>

Depreciation expense totaled \$160,415 and \$173,296 during the years ended December 31, 2013 and 2012, respectively.

Jefferson Parish owns the Station 81 building which the fire company has been allowed to use at no cost under a verbal agreement with no established termination date. Jefferson Parish also owns the 2011 Pierce Pumper E-818 and the Pierce Pumper S-819. The fire company uses the trucks as part of the contract with Jefferson Parish.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

4. DONATED SERVICES:

Volunteer firefighters of the fire company responded to 884 and 771 calls for service during 2013 and 2012, respectively. The value of these volunteer services is computed using the minimum hourly pay for the fire company's paid personnel during the year, multiplied by an average response duration of 1.75 hours during 2013 and 2012 with the result multiplied by the number of volunteers per call. The minimum hourly pay was \$10.50 and \$10.50 per hour for 2013 and 2012, respectively. The hours provided by officers approximated 2,496 and 2,496 at an hourly rate of \$10.50 and \$10.50 for 2013 and 2012, respectively. The total resulting values for volunteer firefighting services of \$67,022 and \$64,945 for the years ended December 31, 2013 and 2012, respectively, is reported as revenue and firefighting expense.

This value should be recognized as the minimum value of volunteer services, as it includes only the time volunteers were actually responding to calls for assistance. No value has been placed on overtime or downtime maintenance. 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. ECONOMIC DEPENDENCY, FIRE PROTECTION CONTRACT:

Substantially all of the fire company's public support is derived from funds provided by Jefferson Parish. Under the contract with Jefferson Parish, 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 tax and fire insurance rebates. The amount received and used for operations under this contract totaled \$2,400,000 and \$1,920,000 for the years ended December 31, 2013 and 2012, respectively. The amount received and used for capital improvements and operating subsidy under this contract totaled \$0- and \$400,000 for the years ended December 31, 2013 and 2012, respectively. Management is not aware of any plans on the part of Jefferson Parish to terminate the contract.

The revenue received from insurance rebates totaled \$51,064 and \$44,361 for 2013 and 2012, respectively. The amount received is based on the number of homes within the fire district.

6. RETIREMENT PLAN:

The fire company has a contributory retirement plan covering all paid employees with at least one year of service. Eligible employees must contribute 3% of their gross salary to be eligible for employer matching contributions. The fire company contributes 3% of participating employees' annual salaries. The retirement expense for the plan for the years ended December 31, 2013 and 2012 was \$25,334 and \$22,853, respectively.

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

7. EXPENSES PAID BY OTHERS:

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

8. 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.

9. DUE FROM JEFFERSON PARISH:

During the year ended December 31, 2013, the fire company paid an outstanding balance on the purchase of the 2011 Pierce Pumper E-818, which is owned by Jefferson Parish. The outstanding balance of \$42,657 was paid by the fire company with the intent of being reimbursed by Jefferson Parish since the 2011 Pierce Pumper E-818 is owned by the Parish. The fire company has not been reimbursed for this expense as of December 31, 2013.

10. DATE OF MANAGEMENT'S REVIEW:

The fire company has evaluated subsequent events through June 2, 2014, the date which the financial statements were available to be issued.



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

June 2, 2014

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

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-Harvey Volunteer Fire Company No. 1 (a Louisiana nonprofit organization), which comprise the statement of financial position as of 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 June 2, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marrero-Harvey Volunteer Fire Company No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marrero-Harvey Volunteer's internal control. Accordingly, we do not express an opinion on the effectiveness of Marrero-Harvey Volunteer Fire Company No. 1'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 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.

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 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 the Marrero-Harvey Volunteer Fire Company No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 not to provide an opinion on the effectiveness of Marrero-Harvey Volunteer Fire Company No. 1's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marrero-Harvey Volunteer Fire Company No. 1's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Marrero-Harvey Volunteer Fire Company No. 1 for the year ended December 31, 2013 was unmodified.
2. Internal Control
Material weaknesses: none noted
Significant deficiencies: 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 noted

MARRERO-HARVEY VOLUNTEER FIRE COMPANY NO. 1
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013

SUMMARY OF PRIOR YEAR FINDINGS:

2012-01 Reconcile Accounts to Supporting Documents

Condition:

Our testing in the area of cash disclosed that monthly reconciliations between the balance in the bank statement and the balance in the general ledger are not being performed for several cash accounts. The lack of this control feature allows for differences to occur and accumulate over a period of time.

Status:

Management has corrected this issue in the current year, and began to prepare cash reconciliations from the bank balances to the general ledger balances for all cash accounts.

2012-02 Investigate Old Outstanding Checks and Other Old Uncleared Reconciling Items

Condition:

Our testing in the area of cash disclosed that many old outstanding checks and other old uncleared reconciling items, some over one year old, are being carried on monthly cash reconciliations. This causes additional time to be spent by personnel to reconcile bank accounts each month.

Status:

Management investigated all uncleared reconciling items that were over one year old in the current year, and made all of the necessary corrections to the cash reconciliations.