

***HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC***

***HAHNVILLE, Louisiana***

***General Purpose Financial Statements and  
Independent Auditor's Report  
As of and for the Year Ended December 31, 2000***

**T.S. KEARNS & CO.**  
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HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

General Purpose Financial Statements and  
Independent Auditor's Report  
As of and for the Year Ended December 31, 2000  
With Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT ON THE  
GENERAL PURPOSE FINANCIAL STATEMENTS

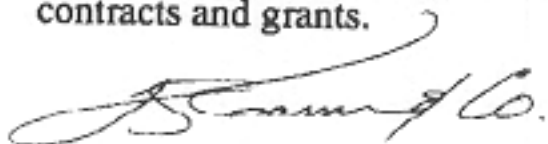
**BOARD OF DIRECTORS  
HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC.**  
Hahnville, Louisiana

We have audited the accompanying general purpose financial statements of the Hahnville Volunteer Fire Department, Inc. as of and for the year ended December 31, 2000, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Hahnville Volunteer Fire Department, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards contained in the Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hahnville Volunteer Fire Department, Inc. as of December 31, 2000, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 21, 2001 on our consideration of the Hahnville Volunteer Fire Department, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.



June 21, 2001

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HARRISVILLE VOLUNTEER FIRE DEPARTMENT, INC  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 December 31, 2000

	-Governmental Fund Types-				Total (Memorandum Only)
	General Fund	Private Contributions Fund	-----Account General Fixed Assets	Groups----- Long-term Liabilities	
<b>ASSETS</b>					
Cash	\$ 101,548	\$ 20,447	\$ 0	\$ 0	\$ 121,995
Certificates of deposit	100,000	0	0	0	100,000
Tax revenue receivable	5,281	0	0	0	5,281
Fire protection vehicles	0	0	692,368	0	692,368
Equipment	0	0	395,044	0	395,044
Land	0	0	115,000	0	115,000
Building	0	0	1,005,707	0	1,005,707
Amount to be provided for Retirement of long term debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>307,537</u>	<u>307,537</u>
<b>Total assets</b>	<u>\$ 206,829</u>	<u>\$ 20,447</u>	<u>\$ 2,208,119</u>	<u>\$ 307,537</u>	<u>\$ 2,742,931</u>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,367	\$ 0	\$ 0	\$ 0	\$ 4,367
Notes payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>307,537</u>	<u>307,537</u>
<b>Total liabilities</b>	<u>4,367</u>	<u>0</u>	<u>0</u>	<u>307,537</u>	<u>311,903</u>
<b>Fund equity:</b>					
Investment in fixed assets	0	0	2,208,119	0	2,208,119
Fund balance - unreserved	<u>202,462</u>	<u>20,447</u>	<u>0</u>	<u>0</u>	<u>222,909</u>
<b>Total fund equity</b>	<u>\$ 202,462</u>	<u>\$ 20,447</u>	<u>\$ 2,208,119</u>	<u>\$ 0</u>	<u>\$ 2,431,028</u>
<b>Total liabilities and fund equity</b>	<u>\$ 206,829</u>	<u>\$ 20,447</u>	<u>\$ 2,208,119</u>	<u>\$ 307,537</u>	<u>\$ 2,742,931</u>

The accompanying notes are an integral part of this statement.

Statement B

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**& FUND BALANCE - ALL FUND TYPES**  
**For the one year ended December 31, 2000**

	-Governmental Fund Types-		
	General Fund	Membership Account Fund	Total (Memorandum Only)
<b>REVENUES</b>			
Advalorem tax	\$ 103,922	\$ 0	\$ 103,922
Sales tax	74,711	0	74,711
Fire insurance rebate	9,721	0	9,721
Dues	0	165	165
Interest	6,736	972	7,708
Donations	0	2,950	2,950
Other revenue	0	453	453
Total revenue	\$ 195,090	\$ 4,540	\$ 199,630
<b>EXPENDITURES</b>			
Current:			
Electricity	\$ 6,671	\$ 0	\$ 6,671
Natural gas	533	0	533
Telephone	4,264	0	4,264
Water	123	0	123
Equipment maintenance	4,539	0	4,539
Equipment repair	1,796	0	1,796
Fuel	2,099	0	2,099
Equipment insurance	6,288	0	6,288
Equipment material & supplies	156	0	156
Building material & supplies	1,984	0	1,984
Building maintenance	3,315	0	3,315
Building repair	5,591	0	5,591
Building insurance	16,189	0	16,189
Fire vehicle maintenance	5,634	0	5,634
Personnel small equipment	595	0	595
Personnel insurance	2,840	0	2,840
Fire fighting supplies	58	0	58
Fire prevention	13,184	0	13,184
Legal publications	50	0	50
Accounting & auditing	1,925	0	1,925
Dues	495	0	495
Office expenses	866	0	866
Postage	80	0	80
Meetings & conventions	7,147	1,679	8,825
Meals	3,009	0	3,009
Miscellaneous	991	1,736	2,728
Training	2,201	2,279	4,480
Capital outlay:			
Vehicle purchase	24,945	0	24,945
Equipment purchase	51,484	0	51,484
Building	176,575	0	176,575
Debt service:			
Principal retirement	92,463	0	92,463
Interest	7,537	0	7,537
Total expenditures	\$ 445,627	\$ 5,694	\$ 451,321
Net revenues over expenditures	\$ (250,537)	\$ (1,154)	\$ (251,691)
<b>FUND BALANCE DECEMBER 1999</b>	452,999	21,601	474,600
<b>FUND BALANCE DECEMBER 2000</b>	\$ 202,462	\$ 20,447	\$ 222,909

The accompanying notes are an integral part of this statement.



**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2000**

**INTRODUCTION**

The Hahnville Volunteer Fire Department, Inc. (Fire Department) was organized as a non-profit corporation as defined by Revised Statutes of Louisiana Title 12, Section 101 (8). The Fire Department is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Parish of St. Charles. At year end, the Fire Department employed no employees.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of presentation**

The accompanying financial statements of the Fire Department have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Fire Department is not a governmental unit although it receives a substantial amount of its revenue from the St. Charles Parish Council. As a result of a contractual agreement, the Fire Department is accountable to the Parish Council for fiscal matters. The St. Charles Parish Council does not appoint the governing board, nor management. The Fire Department reports as an independent reporting entity.

**C. Fund accounting**

The Fire Department uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The only funds of the Fire Department are classified as governmental fund types. Governmental funds account for the Fire Department's general activities, including the collection and

HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHVILLE, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2000

disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds of the Fire Department include:

General Fund - the general operating fund of the Fire Department that accounts for all financial activity, except those required to be accounted for in other funds.

Membership Account Fund - a fund that accounts for private contributions made to the Fire Department, along with related revenues. The fund also accounts for expenditures made from those financial resources.

**D. Basis of accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement presents increases and decreases in net current assets. The Fire Department's records are maintained on the cash basis of accounting. However, the financial statements have been converted to the modified accrual basis of accounting using the following practices in recording revenues and expenditures:

**Revenues -**

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board and are available to the Fire Department. Sales taxes become payable to the School Board on the first day of the month, and become delinquent on the 20th of the month, following collection of the taxes by the business.

A ten year advalorem tax issue was dedicated to the operations of the Fire Department beginning in 1991. Each department is to receive one ninth of annual collections. Taxes levied in November of each year are available for expenditures in the subsequent year.

Interest income is recorded when the cash is available to the Fire Department.

All other revenues are recorded when received.

**Expenditures -**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2000**

**E. Memorandum Only columns**

The total columns captured "Memorandum Only" are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**F. Encumbrances**

The Fire Department does not use encumbrance accounting.

**G. Cash and cash equivalents**

Cash includes amounts in demand deposits and interest-bearing demand deposits.

**H. Inventories**

Physical inventories consist of expendible supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

**I. Fixed assets**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Interest cost incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated cost if historical cost is not available.

**J. Long-term obligations**

Long-term obligations are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental fund when due.

**NOTE 2. CASH AND CASH EQUIVALENTS**

At December 31, 2000, the Fire Department has cash (book balance) totaling \$ 221,994.89 as follows:



HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2000

Membership Account Fund:	
Riverland Credit Union	
Share account	\$ 5.20
Checking (interest bearing)	2,688.52
Accumulation (interest bearing)	17,753.48
	-----
Total	\$ 20,447.20
	-----
General Fund:	
First National Bank *U*S*A*	
Checking (interest bearing)	\$ 2,921.41
Checking (construction fund)	466.53
Hibernia National Bank	
Checking (interest bearing)	2,664.29
Riverland Credit Union	
Share account	6.18
Accumulation (interest bearing)	65,108.31
First American Bank	
Checking (interest bearing)	30,375.97
Taft Carbide Federal Credit Union	
Share account	5.00
Certificate of Deposit	100,000.00
	-----
Total	\$ 201,547.69
	-----
Total Cash and cash equivalents	\$ 221,994.89
	=====

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2000, the Fire Department has \$ 85,561.72 in deposits (collected bank balance) at Riverland Credit Union. These deposits are secured from risk by \$ 100,000 of federal deposit insurance (GASB Category 3). At December, 31 2000, the Fire Department has \$ 2,665.49 in deposits (collected bank balances) at Hibernia National Bank. These deposits are secured from risk by \$ 100,000 of federal deposit insurance (GASB Category 3). At December 31, 2000, the Fire Department has \$ 3,387.94 in deposits (collected bank balances) at First National Bank of \*U\*S\*A\*. These deposits are secured from risk by \$ 100,000 of federal deposit insurance (GASB Category 3). At December 31, 2000, the Fire Department has \$ 32,920.01 in deposits (collected bank balances) at First American Bank. These deposits are secured from risk by \$ 100,000 of federal deposit insurance (GASB Category 3). At December 31, 2000, the Fire Department has \$ 100,005.00 in deposits (collected bank balances) at Taft Carbide Federal Credit Union. These deposits are secured from risk by \$ 100,000 of federal deposit insurance (GASB Category 3).

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2000**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire Department that the fiscal agent failed to pay deposited funds upon demand.

**NOTE 3. REVENUE RECEIVABLES**

The receivables at December 31, 2000 consisted of sales taxes in the amount of \$ 5,280.93.

**NOTE 4. AD VALOREM TAX**

Effective July 21, 1990, ad valorem tax in the amount of 1.6 mills is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed when collected to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

**NOTE 5. SALES TAX**

Effective March 1, 1980, sales tax in the amount of 1/8% is collected by the St. Charles Parish School Board to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance.

**NOTE 6. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance December 31, 1999	Additions	Deletions	Balance December 31, 2000
	-----	-----	-----	-----
Fire Protection				
Vehicle	\$ 667,423.00	\$ 24,944.55	\$ 0.00	\$ 692,367.55
Equipment	343,560.32	51,484.09	0.00	395,044.41
Buildings	829,131.92	176,575.10	0.00	1,005,707.02
Land	115,000.00	0.00	0.00	115,000.00
	-----	-----	-----	-----
Total	\$1,955,115.24	\$253,003.74	\$ 0.00	\$ 2,208,118.98
	=====	=====	=====	=====

**HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC**  
**HAHNVILLE, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 2000**

**NOTE 7. LEASES**

The Fire Department had no capital leases to be recorded as assets and obligations in the accompanying financial statements.

**NOTE 8. GENERAL LONG-TERM LIABILITIES**

A summary of changes in general long term liabilities follows:

	Note payable to First National Bank *U*S*A*
	-----
Long-term obligatons payable at December 31, 1999	\$ 400,000.00
Additions	-0-
Deductions	\$ 92,463.34
	-----
Long-term obligations payable at December 31, 2000	\$ 307,536.66
	=====

The required payments including interest are appoximately \$ 42,000 per year until 2014. However, the Department paid more than minimum amount in 2000 & 2001. Net interest cost is 5.7%.

**NOTE 9. RESTATEMENT OF PRIOR YEAR FUND BALANCE**

Beginning Fund Balance was increased by \$ 400,000 to reclassify a short-term note payable in the general fund to the long-term liability account group. At the year end December 31, 1999, the \$400,000 note payable to First National Bank \*U\*S\*A\* was understood to be paid off during the year of 2000. Because the Department decided to pay off the note during a time period longer than one year, the restatement of beginning fund balance was required.

**NOTE 10. LITIGATION AND CLAIMS**

At December 31, 2000, the Fire Department had no litigation or claims pending.

**SUPPLEMENTAL INFORMATION**



HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, LouisianaSummary Schedule of Prior Audit Findings  
As of and for the Year Ended December 31, 2000Ref. No.

9912-01

Fiscal Year Finding Initially Occurred

All previous years

Description of Finding

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the Hahnville Volunteer Fire Department, Inc. and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Taken (Yes, No, Partially)

No

Planned Corrective Action/Partial Corrective Action Taken

None

Additional Explanation

This is a common reportable condition noted in audits of small entities. The department's office does not employ enough people in its accounting department to segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition can not be remedied in a cost effective manner.

HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

Summary Schedule of Prior Audit Findings  
As of and for the Year Ended December 31, 2000

Ref. No.

9912-02

Fiscal Year Finding Initially Occurred

December 31, 1999

Description of Finding

**Fiscal Agency and Cash Management Laws.** LSA-RS 39:1211-45 requires security for deposits equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States. At December 31, 1999, the Fire Department has \$ 269,454 in deposit (collected bank balance) at First National Bank of St. Charles. These deposits were secured from risk by \$ 100,000 of federal deposit insurance and \$ 133,108 of pledged securities held by the custodial bank in the name of the fiscal agent bank. The remaining balance of \$ 36,345 was not secured by the pledged securities.

Corrective Action Taken (Yes, No, Partially)

Yes

Planned Corrective Action/Partial Corrective Action Taken

The Fire Department's treasurer called the bank and requested enough securities to collateralize the highest expected future deposits.

Additional Explanation

The Fire Department was in compliance with LSA-RS 39:1211-45 for the fiscal year ended December 31, 2000.

HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
HAHNVILLE, Louisiana

Corrective Action Plan for Current Year Findings  
As of and for the Year Ended December 31, 2000

Ref. No.

0012-01

Description of Finding

**Internal Control Material Weakness.** As a material weakness (and reportable condition), the size of the Hahnville Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

Corrective Action Planned

None

Name of Contact Person

Melvin Laurent, Treasurer

Anticipated Completion Date

None

Additional Explanation

This is a common reportable condition noted in audits of small entities. The department's office does not employ enough people in its accounting department to segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition can not be remedied in a cost effective manner.

**OTHER REPORTS REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**  
**Report on Compliance and on Internal Control**





**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**BOARD OF DIRECTORS  
HAHNVILLE VOLUNTEER FIRE DEPARTMENT, INC  
Hahnville, Louisiana**

We have audited the general purpose financial statements of the Hahnville Volunteer Fire Department, Inc. as of and for the year ended December 31, 2000, and have issued our report thereon dated June 21, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Hahnville Volunteer Fire Department, Inc.'s general purpose 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 Hahnville Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a single matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying corrective action plan for the current year audit findings as item 0012-01.

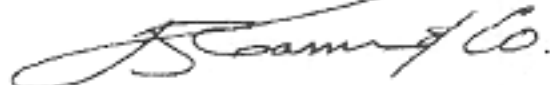
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable

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conditions, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record, and its distribution is not limited.



June 21, 2001