

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1	
FINANCIAL STATEMENTS		
Statements of Financial Position.....	3	
Statements of Activities	4	
Statements of Cash Flows	5	
Statements of Functional Expenses		
For the Year Ended June 30, 2013	6	
For the Year Ended June 30, 2012.....	7	
Notes to Financial Statements		
Note 1 – Summary of Significant Accounting Policies	8	
Note 2 – Cash and Cash Equivalents	11	
Note 3 – Investments	13	
Note 4 – Property and Equipment.....	15	
Note 5 – Compensated Absences	15	
Note 6 – Restrictions on Net Assets	15	
Note 7 – Intergovernmental Contract	15	
Note 8 – Functional Allocation of Expenses	16	
Note 9 – Advertising Costs	16	
Note 10 – Pension Plan	16	
Note 11 – Expenses Paid by Others.....	16	
Note 12 – Contingent Liability	17	
SUPPLEMENTARY INFORMATION		
Schedules of Revenues and Expenditures – Public Fund	19	
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		20
SCHEDULE OF FINDINGS AND RESPONSES.....	22	
STATUS OF PRIOR AUDIT FINDINGS	24	

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Terrytown Fifth District Volunteer Fire Department, Inc.
341 Heritage Avenue
Terrytown, LA 70056

I have audited the accompanying financial statements of the Terrytown Fifth District Volunteer Fire Department, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Terrytown Fifth District Volunteer Fire Department, Inc. as of June 30, 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 Matters

My audit was made for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Revenues and Expenses – Public Fund, which are included in the Supplementary Information Section on page 19, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated October 12, 2013, on my consideration of the Terrytown Fifth District Volunteer Fire Department Inc.'s internal control over financial reporting and on my 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 my 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 the Terrytown Fifth District Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance. .



Marrero, Louisiana
October 12, 2013

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash in Banks and On-hand	\$ 801,877	\$ 874,817
Cash in Savings Accounts and Short-term Investments	536,722	642,955
Accounts Receivable	4,021	-
Total Current Assets	<u>1,342,620</u>	<u>1,517,772</u>
PROPERTY AND EQUIPMENT		
Land	33,928	33,928
Automobiles	-	54,316
Buildings and Improvements	3,550,192	3,585,883
Machinery and Equipment	950,022	882,207
Furniture and Fixtures	277,228	294,324
	<u>4,811,370</u>	<u>4,850,658</u>
Less: Accumulated Depreciation	(1,736,342)	(1,823,378)
Net Property and Equipment	<u>3,075,028</u>	<u>3,027,280</u>
OTHER ASSETS		
Meter Deposits	75	75
Prepays and Other Deposits	23,573	48,871
Investments	38,986	74,693
Total Other Assets	<u>62,634</u>	<u>123,639</u>
TOTAL ASSETS	<u>\$ 4,480,282</u>	<u>\$ 4,668,691</u>
LIABILITIES		
Accounts Payable	\$ 9,857	\$ 26,858
Accrued Salary Related Costs	3,532	-
Compensated Absences	75,304	70,792
Other	-	-
TOTAL LIABILITIES	<u>88,693</u>	<u>97,650</u>
NET ASSETS		
Unrestricted	<u>4,391,589</u>	<u>4,571,041</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,480,282</u>	<u>\$ 4,668,691</u>

The accompanying notes are an integral part of these statements.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
REVENUES AND GAINS		
Jefferson Parish Millage Allocation	\$ 2,370,000	\$ 2,250,000
State Fire Insurance Rebate	88,554	89,423
Investment Return	5,239	6,649
Voluntary Contributions	41,734	42,669
Ladie's Auxillary	5,454	5,339
Vice-President's Account	201	7,222
Terrytown Fest Income	-	9,800
Miscellaneous Income	75,169	44,132
FEMA Grant	50,848	-
Bingo Income	-	-
Total Revenues	<u>2,637,199</u>	<u>2,455,234</u>
EXPENSES		
Administrative Costs	44,099	39,157
Firefighting Costs	2,761,524	2,450,351
Fundraising Expenses	11,028	39,675
Total Expenses	<u>2,816,651</u>	<u>2,529,183</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(179,452)	(73,949)
NET ASSETS - BEGINNING OF YEAR	4,571,041	4,644,990
NET ASSETS - END OF YEAR	<u>\$ 4,391,589</u>	<u>\$ 4,571,041</u>

The accompanying notes are an integral part of these statements.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (179,452)	\$ (73,949)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	314,668	309,451
Loss on disposal of equipment	61,209	-
Changes in operating assets and liabilities:		
Accounts receivable	(4,021)	-
Prepays and other	25,298	(3,202)
Contributions receivable	-	-
Accounts payable	(17,001)	19,125
Accrued salaries and related costs	3,532	-
Compensated absences payable	4,512	14,210
Net Cash Provided By (Used In) Operating Activities	<u>208,745</u>	<u>265,635</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(423,625)	(131,124)
Disposal of fixed assets	-	-
Purchases of long-term investments	-	(50,143)
Maturities of long-term investments	30,468	-
Interest earned on investments	5,239	6,649
Net Cash Provided By (Used In) Investing Activities	<u>(387,918)</u>	<u>(174,618)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(179,173)	91,017
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,517,772	1,426,755
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,338,599</u>	<u>\$ 1,517,772</u>
NON-CASH ACTIVITIES:		
Acquisition of property through donations	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	ADMINISTRATIVE	FIREFIGHTING	FUNDRAISING	TOTAL
PAYROLL AND RELATED COSTS				
Labor - Salaries/Wages	\$ 15,453	\$ 1,159,645	\$ -	\$ 1,175,098
Payroll Taxes	1,325	99,440	-	100,765
Pension Plan	662	49,645	-	50,307
Insurance - Employees (Health, Life, Dental)	3,309	248,345	-	251,654
Insurance - Workmen's Comp Insurance	1,530	114,827	-	116,357
Medical - Physicals and Drug Tests	115	8,618	-	8,733
	<u>22,394</u>	<u>1,680,520</u>	<u>-</u>	<u>1,702,914</u>
FIREFIGHTING AND STATION EXPENSES				
Cable and Internet	298	22,386	-	22,684
Bunker Gear	-	6,657	-	6,657
Emergency Operations	-	611	-	611
Fire Prevention	-	13,601	-	13,601
Lawn Equipment Repairs	18	1,324	-	1,342
Medical Supplies	-	2,145	-	2,145
Pest Control	24	1,814	-	1,838
Photo Lab	-	213	-	213
Repairs and Maintenance - Firehouses	-	184,820	-	184,820
Repairs and Maintenance - Residences	-	1,290	-	1,290
Supplies - Cleaning	-	2,460	-	2,460
Training	-	10,024	-	10,024
Uniforms and Badges	-	11,918	-	11,918
Utilities and Telephones - Firehouses - Heritage	261	19,623	-	19,884
Utilities and Telephones - Firehouses - Other	-	28,221	-	28,221
Utilities and Telephones - Residences	-	1,672	-	1,672
	<u>601</u>	<u>308,779</u>	<u>-</u>	<u>309,380</u>
VEHICLE AND EQUIPMENT EXPENSES				
Fuel	-	41,903	-	41,903
Insurance - Vehicles	26	1,967	-	1,993
Repairs and Maintenance - Vehicles and Equipment	-	221,212	-	221,212
	<u>26</u>	<u>265,082</u>	<u>-</u>	<u>265,108</u>
OPERATING AND ADMINISTRATIVE EXPENSES				
Accounting and Auditing	146	10,959	-	11,105
Advertising and Promotion	4,000	-	-	4,000
Conferences and Travel	103	7,703	-	7,806
Depreciation Expense	4,138	310,530	-	314,668
Donations	-	1,200	-	1,200
Dues and Subscriptions	5,773	-	-	5,773
Incentive Program	35	2,639	-	2,674
Insurance - General	849	63,688	-	64,537
Ladies Auxillary Costs	-	-	3,840	3,840
Legal	-	-	-	-
Licenses and Taxes	10	-	-	10
Loss on Disposal of Assets	-	61,209	-	61,209
Meetings	17	1,266	-	1,283
Membership	258	19,357	-	19,615
Miscellaneous	17	1,245	-	1,262
Night Out Against Crime Costs	-	-	3,015	3,015
Office and Supplies	4,141	-	-	4,141
Postage	1,227	-	-	1,227
Supplies - Other	364	27,347	-	27,711
Terrytown Fest Expenses	-	-	-	-
Vice-President's Account Expenses	-	-	-	-
Video Expense	-	-	-	-
Voluntary Contribution Costs	-	-	4,173	4,173
	<u>21,078</u>	<u>507,143</u>	<u>11,028</u>	<u>539,249</u>
	<u>\$ 44,099</u>	<u>\$ 2,761,524</u>	<u>\$ 11,028</u>	<u>\$ 2,816,651</u>

The accompanying notes are an integral part of these statements.

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>ADMINISTRATIVE</u>	<u>FIREFIGHTING</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
PAYROLL AND RELATED COSTS				
Labor - Salaries/Wages	\$ 14,623	\$ 1,097,402	\$ -	\$ 1,112,025
Payroll Taxes	1,235	92,679	-	93,914
Pension Plan	636	47,750	-	48,386
Insurance - Employees (Health, Life, Dental)	2,764	207,450	-	210,214
Insurance - Workmen's Comp Insurance	1,244	93,343	-	94,587
Medical - Physicals and Drug Tests	318	23,856	-	24,174
	<u>20,820</u>	<u>1,562,480</u>	<u>-</u>	<u>1,583,300</u>
FIREFIGHTING AND STATION EXPENSES				
Cable and Internet	394	29,565	-	29,959
Bunker Gear	-	8,789	-	8,789
Emergency Operations	-	555	-	555
Fire Prevention	-	15,440	-	15,440
Lawn Equipment Repairs	26	1,960	-	1,986
Medical Supplies	-	2,252	-	2,252
Pest Control	43	3,224	-	3,267
Photo Lab	-	1,420	-	1,420
Repairs and Maintenance - Firehouses	-	48,560	-	48,560
Repairs and Maintenance - Residences	-	717	-	717
Supplies - Cleaning	-	2,261	-	2,261
Training	-	8,246	-	8,246
Uniforms and Badges	-	11,895	-	11,895
Utilities and Telephones - Firehouses - Heritage	249	18,699	-	18,948
Utilities and Telephones - Firehouses - Other	-	28,555	-	28,555
Utilities and Telephones - Residences	-	1,797	-	1,797
	<u>712</u>	<u>183,935</u>	<u>-</u>	<u>184,647</u>
VEHICLE AND EQUIPMENT EXPENSES				
Fuel	-	40,693	-	40,693
Insurance - Vehicles	30	2,264	-	2,294
Repairs and Maintenance - Vehicles and Equipment	-	187,668	-	187,668
	<u>30</u>	<u>230,625</u>	<u>-</u>	<u>230,655</u>
OPERATING AND ADMINISTRATIVE EXPENSES				
Accounting and Auditing	159	11,921	-	12,080
Advertising and Promotion	479	-	-	479
Conferences and Travel	78	5,851	-	5,929
Depreciation Expense	4,069	305,383	-	309,452
Donations	-	200	-	200
Dues and Subscriptions	3,378	-	-	3,378
Incentive Program	31	2,347	-	2,378
Insurance - General	834	62,620	-	63,454
Ladies Auxillary Costs	-	-	5,138	5,138
Legal	397	29,808	-	30,205
Licenses and Taxes	10	-	-	10
Meetings	15	1,133	-	1,148
Membership	224	16,816	-	17,040
Miscellaneous	1	43	-	44
Night Out Against Crime Costs	-	-	3,050	3,050
Office and Supplies	5,986	-	-	5,986
Postage	1,439	-	-	1,439
Supplies - Other	444	33,355	-	33,799
Terrytown Fest Expenses	-	-	27,107	27,107
Vice-President's Account Expenses	51	3,834	-	3,885
Video Expense	-	-	-	-
Voluntary Contribution Costs	-	-	4,380	4,380
	<u>17,595</u>	<u>473,311</u>	<u>39,675</u>	<u>530,581</u>
	<u>\$ 39,157</u>	<u>\$ 2,450,351</u>	<u>\$ 39,675</u>	<u>\$ 2,529,183</u>

The accompanying notes are an integral part of these statements.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Terrytown Fifth District Volunteer Fire Department, Inc.'s (the Fire Department's) significant accounting policies applied in the preparation of the accompanying financial statements follows:

Activity

Terrytown Fifth District Volunteer Fire Department, Inc. (the Fire Department) is a nonprofit organization dedicated to providing the citizens of the Fifth Fire Protection District of Jefferson Parish (which includes Terrytown and adjoining unincorporated portions of Jefferson Parish) with fire protection and related services and facilities. The Fire Department is under contract with the Parish of Jefferson to provide these services by administering the daily activities of this district. The Fire Department is also supported by donor contributions and other miscellaneous fees and charges. The majority of the Fire Department's revenues are derived from the Parish contract.

Basis of Accounting

Contributions received and unconditional promises to give are measured at their fair values. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted, or permanently restricted, net assets depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

The Fire Department reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Fire Department reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Receipts under the intergovernmental agreement with the Parish are recognized in the month and year for which they are received. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts, savings accounts, or certificates of deposit and are carried at cost. Funds deposited from the ad valorem tax millage are placed into a "special" fund and can only be disbursed for operating expenses of the Fire Department (i.e., for the public purpose of providing fire protection services).

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values (based on quoted market prices) in the Statement of Financial Position. These investments fall under Level 1 of the fair value hierarchy as defined by FASB ASC 820-10-05. Unrealized gains and losses are included in changes in net assets.

Property and Equipment

Property and equipment, consisting primarily of fire stations and residences, furniture, fixtures, and equipment, are recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 3 to 39 years. The Fire Department capitalizes property and equipment purchases over \$1,000 and expenses those purchases under \$1,000.

Property and equipment does not include fire trucks and vehicles donate by the Fire Department to the Fifth Fire District of Jefferson Parish. Historically, the Fire Department has received subsidies from the Fifth Fire District of Jefferson Parish for the purchase of fire trucks. The trucks are then purchased by the Fire Department and donated back to the Fifth Fire District of Jefferson Parish. This is done because the funding source of these subsidies is parish ad valorem taxes and the property must stay in the public domain. The fire trucks and vehicles are utilized by the Fire Department but they are insured by the Parish of Jefferson. These fire trucks are reported for in the financial statements of the Parish of Jefferson.

Prepays and Other Deposits

Items that benefit a future period are recorded as prepaid at year end. These amounts are recognized as expenditures in the period that they benefit.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services, Goods and Facilities

No amounts have been reflected in the financial statements for donated services, equipment or facilities. Donated services were not recorded because the value of these services is not readily determinable. However, it should be noted that a substantial number of volunteers donate time to the Fire Department's program services. The Fire Department is also allowed to utilize equipment and facilities that are owned by the Parish's Fifth Fire Protection District. The value of these items is also excluded since they are not readily determinable.

Compensated Absences

The Fire Department allows employees who work more than 50 hours per week to earn annual leave at the rate of 0 to 360 hours per year depending on length of continuous service. Annual leave is awarded on the first day of the next pay period after an employee's anniversary date. Employees are allowed to carry-over up to 300 hours from one year to the next. Upon separation, the annual leave is paid to the employee at 100 percent of its current value.

Classification of Net Assets

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities* (formerly SFAS No. 117), *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Fire Department is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which have no donor-imposed restrictions; temporarily restricted net assets, which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets, which have donor-imposed restrictions that do not expire. As of June 30, 2013, the Fire Department reported only unrestricted net assets.

Income Taxes

The Fire Department is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code, which exempts volunteer fire departments, and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

Subsequent Events

The Fire Department's management has evaluated subsequent events through October 12, 2013, which is the date the financial statements were available to be issued.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 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 at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in 2013 have been classified differently from how they were presented in 2012 to conform to management's current presentation format.

2. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

Cash and cash equivalents totaled \$1,338,599 at June 30, 2013 (including \$801,877 in cash and checking accounts plus \$536,722 in money market accounts and certificates of deposit). The following is a schedule of cash (book) balances reported in financial institutions at June 30, 2013:

<u>Bank/Description</u>	<u>Maturity Date</u>	<u>Checking and Savings</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Capital One Bank				
Special (Public) Account - Regular	n/a	\$ 341,806	\$ -	\$ 341,806
Special (Public) Account - Payroll	n/a	70,543	-	70,543
Regular (Private) Checking	n/a	384,283	-	384,283
		<u>796,632</u>	<u>-</u>	<u>796,632</u>
First NBC				
NOAC Account	n/a	-	-	-
Gulf Coast Bank and Trust				
Ladies Auxillary Account	n/a	4,595	-	4,595
		<u>\$ 801,227</u>	<u>\$ -</u>	<u>\$ 801,227</u>
Plus Petty Cash				650
Total Cash in Banks and On-hand				<u><u>\$ 801,877</u></u>

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

2. CASH AND CASH EQUIVALENTS (CONTINUED)

<u>Bank/Description</u>	<u>Maturity Date</u>	<u>Money Mkt and Savings</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Stem Agee				
Money Market	n/a	\$ 63,706	\$ -	\$ 63,706
Fifth District Homestead				
Certificate of Deposit	11/25/2013	-	25,976	25,976
Certificate of Deposit	9/25/2013	-	64,388	64,388
First NBC				
Certificate of Deposit	12/2/2013	-	100,000	100,000
Certificate of Deposit	5/4/2014	-	77,284	77,284
Certificate of Deposit	4/4/2014	-	50,000	50,000
Mississippi River Bank				
Certificate of Deposit	12/16/2013	-	20,000	20,000
ASI Federal Credit Union				
Certificate of Deposit	12/7/2013	-	77,116	77,116
Eureka Homestead				
Certificate of Deposit	12/19/2013	-	58,252	58,252
Total Savings Accounts and Short-term Investments		<u>63,706</u>	<u>473,016</u>	<u>536,722</u>
Total Cash and Cash Equivalents in Financial Institutions		<u>\$ 864,933</u>	<u>\$ 473,016</u>	1,337,949
Plus Petty Cash				650
Total Cash and Cash Equivalents				<u>\$ 1,338,599</u>

For June 30, 2012, cash and cash equivalents totaled \$1,517,772 (including \$874,817 in cash and checking accounts plus \$642,955 in money markets and certificates of deposit).

Pledged Securities

Custodial risk is the risk that, in the event of a bank failure, the Fire Department's deposits might not be recovered. The Fire Department's policy for custodial credit risk conforms to state law.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

2. CASH AND CASH EQUIVALENTS (CONTINUED)

As noted above, the Fire Department maintains cash balances and certificates of deposit at several financial institutions in the New Orleans area. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Interest bearing accounts with balances in excess of FDIC insurance at a financial institution are also secured by pledged securities held in joint custody at the Federal Reserve Bank, New Orleans in the Fire Department's name. At June 30, 2013, the book balances of cash and cash equivalents totaled \$1,338,599 and the bank balances of \$1,372,479 were entirely secured by FDIC insurance and/or pledged securities. At June 30, 2012, the book balances of cash and cash equivalents totaled \$1,517,772 and the bank balances of \$1,533,771 were entirely secured by FDIC insurance and/or pledged securities.

3. INVESTMENTS

The Fire Department maintains a brokerage account with Stern Agee Financial Advisors. Following is a schedule of the investments at June 30, 2013 and 2012.

Held By	Description	Interest Rate	Maturity Date	Cost	2013 Fair Value	2012 Fair Value
STERNA AGEE	FNMA 572960	6.00%	5/1/13	\$ 4,288	\$ 1,281	\$ 25,000
STERNA AGEE	GNMA 210492	7.00%	6/15/17	-	-	306
STERNA AGEE	GNMA 319340	7.50%	3/15/22	320	171	219
STERNA AGEE	GNMA 345086	6.50%	11/15/23	1,495	522	779
STERNA AGEE	GNMA 365934	7.00%	11/15/23	437	335	365
STERNA AGEE	GNMA 366631	6.00%	11/15/23	830	575	816
STERNA AGEE	GNMA 379066	6.50%	1/15/24	1,053	212	335
STERNA AGEE	GNMA 383451	6.50%	1/15/24	2,703	613	806
STERNA AGEE	GNNA 382867	6.50%	1/15/24	643	501	603
STERNA AGEE	FNMA NOTE B/E	2.00%	3/22/27	25,004	23,963	25,141
STERNA AGEE	FNMA 251498	6.50%	2/1/28	24	220	324
STERNA AGEE	GNMA 433939	6.00%	8/15/28	4,414	1,127	1,299
STERNA AGEE	GNMA 486678	6.00%	11/15/28	1,771	646	980
STERNA AGEE	FNMA 572960	6.00%	5/1/31	-	-	2,042
STERNA AGEE	GNMA 615885	4.50%	8/15/33	10,058	5,623	7,966
STERNA AGEE	GNMA 592159	4.50%	8/15/33	9,789	3,197	7,712
Total Investments				\$ 62,829	\$ 38,986	\$ 74,693

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

3. INVESTMENTS (CONTINUED)

FASB ASC 820-10 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Investments in debt securities and equity securities with readily determinable fair values are carried at fair value on quoted prices in active markets (all Level 1 measurements).

Fair values of assets measured on a recurring basis at June 30, 2013 and 2012 are as follows:

<u>June 30, 2013</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
US Sponsored Agencies	\$ 29,316	\$ 25,464	\$ 25,464
GNMAs	33,513	13,522	13,522
Other	-	-	-
	<u>\$ 62,829</u>	<u>\$ 38,986</u>	<u>\$ 38,986</u>

<u>June 30, 2012</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
US Sponsored Agencies	\$ 29,316	\$ 27,507	\$ 27,507
GNMAs	33,900	22,186	22,186
Other	2,504	25,000	25,000
	<u>\$ 65,720</u>	<u>\$ 74,693</u>	<u>\$ 74,693</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest Income	\$ 8,060	\$ 6,252
Net realized and unrealized gains (losses)	(2,821)	397
Total Investment Returns	<u>\$ 5,239</u>	<u>\$ 6,649</u>

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 consisted of the following:

<u>Asset Category</u>	<u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>2012</u>
Land	\$ 33,928	\$ -	\$ -	\$ 33,928
Automobiles	54,316	-	(54,316)	-
Buildings and improvements	3,585,883	-	(35,691)	3,550,192
Machinery and equipment	882,207	421,718	(353,903)	950,022
Furniture and fixtures	294,324	1,907	(19,003)	277,228
	<u>4,850,658</u>	<u>423,625</u>	<u>(462,913)</u>	<u>4,811,370</u>
Less accumulated depreciation	(1,823,378)	(314,668)	401,704	(1,736,342)
Net Property and Equipment	<u>\$ 3,027,280</u>	<u>\$ 108,957</u>	<u>\$ (61,209)</u>	<u>\$ 3,075,028</u>

Depreciation expense for the years ended June 30, 2013 and 2012 was \$314,668 and \$309,451, respectively.

5. COMPENSATED ABSENCES

Compensated absences payable at June 30, 2013 and 2012 totaled \$75,304 and \$70,792, respectively.

6. RESTRICTIONS ON NET ASSETS

At June 30, 2013 and 2012, temporarily restricted assets totaled \$-0- for each year. Thus, the total amount of net assets was considered unrestricted.

7. INTERGOVERNMENTAL CONTRACTED SERVICES

The Fire Department is under contract with the Parish of Jefferson to provide fire protection services within the Fifth Fire Protection District. The Parish levied an ad valorem tax of 16.32 mills for 2013 and 16.58 mills for 2012 on the assessed valuation of properties within the Fifth Fire District to fund these operations. The taxes are passed through to the Fire Department under this cooperative endeavor agreement in monthly installments, which represent the 1/12th of the estimated net proceeds of the millage levied annually. The current contract expires on March 31, 2014.

The revenues from this contract amounted to \$2,370,000 for 2013 and \$2,250,000 for 2012 and made up a substantial portion (89.86 and 91.65 percent, respectively) of the Fire Department's total revenues.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

8. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various firefighting programs, administrative activities, and other general activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support activities based on management's estimates of time and percentages used to conduct those functions.

9. ADVERTISING COSTS

Advertising costs are expensed as incurred. For the years ended June 30, 2013 and 2012, advertising expense totaled \$4,000 and \$479, respectively.

10. PENSION PLAN

The Fire Department has a Non-standardized 401k Profit Sharing Plan. The plan allows individuals employed over six months who have completed 1,000 hours of service and have reached the age of 21 to defer up to 10 percent of their compensation, subject to limitations. The Fire Department makes non-forfeitable contributions of 5 percent of the compensation for those eligible employees that elect to participate in the plan by making salary reduction contributions. Pension plan contributions for the years ended June 30, 2013 and 2012 were:

	2013	2012
Employee contributions	\$ 45,029	\$ 45,698
Employer contributions	48,386	50,307
	\$ 93,415	\$ 96,005

11. EXPENSES PAID BY OTHERS

The full-time firefighters of the Fire Department who meet certain requirements receive supplemental pay from the State of Louisiana under the provisions of LRS 33:2002. The State pays this supplemental pay directly to the firefighters; therefore, the expense does not pass through these financial statements. State supplemental payments made to Fire Department employees totaled \$115,318 and \$109,850 for the fiscal years ended June 30, 2013 and 2012, respectively. The supplemental pay is included in the taxable income of the firefighters so that federal and state taxes may be applied.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013 and 2012**

12. CONTINGENT LIABILITY

Over the past few years, the Fire Department has received federal public financial assistance grants as reimbursement for costs and damages associated with various hurricanes. Audits of prior years have not resulted in any disallowance of costs; however, the grantor agency may provide further examinations of these costs at close-out of the project(s). Subsequent to year end, the Fire Department was notified that a portion of the costs reimbursed under Disaster 1603-DR-LA – Hurricane Katrina Project Worksheet 7455-4 might be disallowed and de-obligated due to insurance coverage. As such, there is a possibility that \$212,414 in previously reimbursed damages may have to be refunded to the State by the Fire Department. The Fire Department administration is reviewing this notice from FEMA and working on resolving the matter. Due to the uncertainty of the outcome of this item, no liability has yet been accrued on the books of the Fire Department.

SUPPLEMENTARY INFORMATION

TERRYTOWN FIFTH DISTRICT VOLUNTEER FIRE DEPARTMENT, INC.

SCHEDULES OF REVENUES AND EXPENDITURES - PUBLIC FUND
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUES		
Jefferson Parish Millage Allocation	\$ 2,370,000	\$ 2,250,000
State Fire Insurance Rebate	88,554	89,423
Federal Grant - FEMA	50,848	-
Voluntary Contributions	785	-
Investment Return	2,690	3,434
Miscellaneous Income	62,114	28,214
	<u>2,574,991</u>	<u>2,371,072</u>
EXPENDITURES		
PAYROLL AND RELATED COSTS		
Labor - Salaries/Wages	\$ 1,175,098	\$ 1,112,025
Payroll Taxes	100,765	93,914
Pension Plan	50,307	48,386
Insurance - Employees (Health, Life, Dental)	251,654	210,214
Insurance - Workmen's Comp Insurance	116,357	94,587
Medical - Physicals and Drug Tests	8,733	24,174
	<u>1,702,914</u>	<u>1,583,300</u>
FIREFIGHTING AND STATION EXPENSES		
Cable and Internet	22,684	29,959
Bunker Gear	6,657	8,789
Emergency Operations	611	555
Fire Prevention	13,601	15,352
Lawn Equipment Repairs	1,342	1,986
Medical Supplies	2,145	2,252
Pest Control	1,838	3,267
Photo Lab	213	1,420
Repairs and Maintenance - Firehouses	180,472	21,230
Repairs and Maintenance - Residences	1,195	367
Supplies - Cleaning	2,460	2,261
Training	10,024	8,206
Uniforms and Badges	11,918	11,895
Utilities and Telephones - Firehouses - Heritage	19,884	18,948
Utilities and Telephones - Firehouses - Other	28,221	28,555
Utilities and Telephones - Residences	1,672	1,797
Waste Control	-	-
	<u>304,937</u>	<u>156,839</u>
VEHICLE AND EQUIPMENT EXPENSES		
Fuel	41,842	40,693
Insurance - Vehicles	-	-
Repairs and Maintenance - Vehicles and Equipment	221,151	186,329
	<u>262,993</u>	<u>227,022</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
Accounting and Auditing	11,105	12,080
Advertising and Promotion	90	174
Conferences and Travel	6,361	1,775
Depreciation Expense	314,668	309,452
Donations	100	-
Dues and Subscriptions	5,773	3,342
Incentive Program	2,674	2,378
Insurance - General	64,537	63,454
Ladies Auxillary Costs	-	-
Legal	-	30,205
Licenses and Taxes	10	10
Loss on Disposal of Assets	61,209	-
Meetings	414	291
Membership	865	18
Miscellaneous	693	42
Night Out Against Crime Costs	-	-
Office and Supplies	4,141	5,922
Postage	899	1,209
Social Fund Costs	-	-
Supplies - Other	27,711	33,799
Terrytown Fest Expenses	-	-
Vice-President's Account Expenses	-	-
Video Expense	-	-
Voluntary Contribution Costs	-	-
	<u>501,250</u>	<u>464,151</u>
TOTAL EXPENDITURES	<u>\$ 2,772,094</u>	<u>\$ 2,431,312</u>
NET REVENUES (EXPENDITURES)	<u>\$ (197,103)</u>	<u>\$ (60,240)</u>

**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**

To the President and Board of Directors
Terrytown Fifth District Volunteer Fire Department, Inc.
Terrytown, Louisiana

I have audited, 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, the financial statements of the Terrytown Fifth District Volunteer Fire Department, Inc. (the Fire Department), a non-profit entity, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Fire Department's basic financial statements, and have issued my report thereon dated October 12, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit of the financial statements, I considered the Fire Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Department's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fire Department'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 Fire Department's financial statements will not be prevented, or detected and corrected in 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be a material weakness. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that I consider to be significant deficiencies in internal control (See Findings SD# 13-01 and SD # 13-02).

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Fire Department's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

FIRE DEPARTMENT'S RESPONSES TO FINDINGS

The Fire Department's responses to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The Fire Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire Department'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 12, 2013

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2013**

I have audited the financial statements of the Terrytown Fifth District Volunteer Fire Department, Inc. (the Fire Department) as of and for the year ended June 30, 2013, and have issued my report thereon dated October 12, 2013. I conducted my audit 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. My audit of the financial statements as of June 30, 2013 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- The auditor's report expresses an unqualified opinion on the financial statements of the Fire Department for the fiscal year ended June 30, 2013.
- Two significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. These items are discussed in detail below. No material weaknesses were reported.
- No instances of noncompliance material to the financial statements of the Fire Department were disclosed during the audit.
- The Fire Department was not subject to a Single Audit under OMB Circular A-133.
- No separate written management letter was issued for the year ended June 30, 2013.

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

SD Comment # 13-01 - Inadequate Segregation of Duties

Condition - I noted that the size of the Fire Department's operations is too small to provide for an adequate segregation of duties. The Fire Department's Treasurer is charged with most of the responsibilities relating to the cash receipts, cash disbursements, payroll and financial reporting cycles. The Fire Department does, however, have various controls in place which tend to mitigate this problem, including (1) having another person review and initial all bank reconciliations, (2) requiring dual signatures on all checks, (3) requiring the presentation of actual versus budget reports on a monthly basis, and (4) the use of an outside bookkeeping firm to post and generate the general ledgers.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended June 30, 2013**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of the Fire Department in a timely manner.

SD Comment # 13-02 - Preparation of Financial Statements by Auditor

Condition and Criteria – The Fire Department does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles. As is common in small organizations, The Fire Department has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause - Recently issued Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation - As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. In this case, I do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response – The Fire Department's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

**TERRYTOWN FIFTH DISTRICT
VOLUNTEER FIRE DEPARTMENT, INC.
TERRYTOWN, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended June 30, 2013**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

SECTION IV - STATUS OF PRIOR YEAR FINDINGS

The status of findings and questioned costs noted in prior years is noted below:

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
SD # 2012-01	Inadequate segregation of duties.	Not Yet Resolved. See CY SD Comment # 13-01
SD # 2012-02	Preparation of financial statements is done by external auditor.	Not Yet Resolved. See CY SD Comment # 13-02

{END OF REPORT}