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INDEPENDENCE VOLUNTEER FIRE DEPARTMENT, INC.

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/18/10

PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

Independence Volunteer Fire Department, Inc..
Independence, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2008

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Accountant's Review Report

To the Board of Directors
Independence Volunteer Fire Department, Inc.
Independence, Louisiana 70443

I have reviewed the accompanying statement of financial position of Independence Volunteer Fire Department, Inc. (a nonprofit corporation) as of December 31, 2008, and the related statements of activities and of cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Independence Volunteer Fire Department, Inc.

A review consists principally of inquiries of Department personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, with the exception of the matters described in the following paragraphs, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The Department's financial statements do not disclose the concentration in the volume of business transacted with the Tangipahoa Parish Rural Fire Protection District No. 2. Appropriations from Rural Fire Protection District No.2 accounted for more than 57% of the Department's revenues. Disclosure of that information is required by generally accepted accounting principles.

The Department's financial statements do not properly disclose unrestricted revenues or unrestricted net assets. During the year the Department had \$3,971 in revenue from various fund raisers. The revenue is unrestricted but was reported as temporarily restricted. Disclosure of that information is required by generally accepted accounting principles.

In accordance with the *Louisiana Government Audit Guide* and the provisions of state law, I have issued a report dated May 26, 2010 on the results of my agreed-upon procedures.

Sincerely

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation

May 26, 2010

Financial Statements

Independence Volunteer Fire Department, Inc.

Statement of Financial Position

December 31, 2008

Assets

Current Assets:

Cash and Cash Equivalents	\$ 66,626
Receivables (Net of allowances for uncollectibles):	
Fire Protection District No. 2 Contract Fees	44,451
Employee Receivable	<u>29,372</u>

Total Current Assets 140,449

Fixed Assets:

Land	10,000
Building	207,104
Vehicle	<u>50,000</u>
Total Fixed Assets	267,104
Less: accumulated depreciation	<u>(40,615)</u>
Net Fixed Assets	226,489

Total Assets \$ 366,938

Liabilities and Net Assets

Current Liabilities:

Accounts Payable	\$ 6,867
Payroll Taxes Payable	2,583
Current Portion of Long-Term Debt	<u>173,220</u>

Total Current Liabilities 182,670

Long Term Debt, less current portion 0

Net Assets:

Temporarily Restricted	<u>184,268</u>
------------------------	----------------

Total Net Assets 184,268

Total Liabilities and Net Assets \$ 366,938

See accompanying notes and accountant's report.

Independence Volunteer Fire Department, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
Support and Revenues:			
Rural Fire District No. 2 Contract Fees:			
Ad Valorem Taxes	\$ -	\$ 207,988	\$ 207,988
State Revenue Sharing	-	29,464	29,464
Fire Insurance Premium Rebate	-	13,751	13,751
Interest Income	-	20	20
Miscellaneous	-	12,328	12,328
Volunteer Fundraiser	-	3,971	3,971
Insurance Proceeds	-	3,300	3,300
USDA Grant	-	164,030	164,030
Net Assets Released From Restrictions:			
Restrictions Satisfied by Payments	375,097	(375,097)	
Total Support and Revenues	<u>375,097</u>	<u>59,755</u>	<u>434,852</u>
Expenses:			
Program Services – Fire Protection:			
Fuel	6,940	-	6,940
Salaries and Related Expenses	91,188	-	91,188
Return of Appropriation to Rural Fire Protection District No. 2 for Debt Principal and Interest	17,472	-	17,472
Building & Equipment Purchases	179,086	-	179,086
Depreciation	8,820	-	8,820
Repairs and Maintenance	14,085	-	14,085
Insurance	14,177	-	14,177
Interest on Assets Owned by IVFD	10,143	-	10,143
Telephone	10,197	-	10,197
Outside Services	511	-	511
Fire Station Supplies	10,152	-	10,152
Office Supplies	858	-	858
Professional Fees	6,925	-	6,925
Utilities	3,476	-	3,476
Other	1,067	-	1,067
Total Program Services	<u>375,097</u>	<u>-</u>	<u>375,097</u>
Change in Net Assets	<u>-</u>	<u>59,755</u>	<u>59,755</u>
Net Assets – Beginning of the Year	-	124,513	124,513
Net Assets – End of the Year	<u>\$ -</u>	<u>\$ 184,268</u>	<u>\$ 184,268</u>

See accompanying notes and accountant's report.

Independence Volunteer Fire Department, Inc.

Statement of Cash Flows

Year Ended December 31, 2008

Cash Flows from Operating Activities:	
Changes in Net Assets	\$ 59,755
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation	8,820
(Increase) Decrease in Accounts Receivable	(4,938)
Increase (Decrease) in Accounts Payable	<u>(6,482)</u>
Net Cash Provided by Operating Activities	57,155
Cash Flows from Financing Activities	
Payments on Notes Payable	<u>(7,461)</u>
Net Cash (Used) by Financing Activities	(7,461)
Net Increase (Decrease) in Cash	49,694
Cash – Beginning of the Year	<u>16,932</u>
Cash – End of the Year	<u>\$ 66,626</u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the year for interest	<u>\$ 10,143</u>

See accompanying notes and accountant's report.

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

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Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

Introduction

The Independence Volunteer Fire Department, Inc. (hereinafter referred to as the "Fire Department") is a Louisiana non-profit organization. Its purpose is to operate exclusively as a volunteer fire-fighting organization to provide fire protection and emergency response services in the Town of Independence and the surrounding rural areas. The Fire Department is governed by officers consisting of a chief, a first assistant chief, a second assistant chief, and three captains, each of which is elected by the membership. At the present time, the Fire Department consists of approximately 0 active volunteer firemen. The Fire Department maintains an office in Fire Station Number 1 of the Town of Independence. The Fire Department also maintains equipment in four fire stations, two fire stations in the town, one fire station on Red Hill Road, and one fire station on Noto Road.

1. Summary of Significant Accounting Policies

The Fire Department has certain transactions with Rural Fire Protection District No. 2 which include reporting the payment of debt and asset purchases that belong to The Rural Fire Protection District No. 2, as expenses on the statement of activities and changes in net assets, which is a departure from generally accepted accounting principles. These financial statements are not intended to and do not present the financial position and results of operations in conformity with generally accepted accounting principles.

A. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, Independence 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.

B. Support and Revenue

Support consists primarily of contract payments received from the Rural Fire Protection District No. 2 of Tangipahoa Parish in the form of ad valorem taxes, state revenue sharing funds, and fire insurance rebate funds. The Fire Department receives a percentage of the total funds available to the Rural Fire Protection District No. 2 based on a formula contained in the original contract agreed to by all participating fire departments in Tangipahoa Parish. The ad valorem tax allocation is established in January of each year and is disbursed by the Rural Fire Protection District No. 2 on a quarterly basis. State revenue sharing and fire insurance rebate funds are disbursed to participating fire departments by the Rural Fire Protection District No. 2 as the funds become available. As a result, ad valorem taxes and interest income is recognized as income in the period earned. State revenue sharing funds, fire insurance rebate funds, and all other revenue are recognized as income when received.

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

C. Cash and Cash Equivalents

Cash includes amounts in demand deposits. Amounts in time deposits and those investments with original maturities of ninety (90) days or less are considered to be cash equivalents. The Fire Department had no cash equivalents.

D. Income Taxes

The Fire Department is non-profit and is exempt from income taxes under Section 501(C) (4) of the Internal Revenue Code. Therefore, no provision is made for income taxes.

E. Fair Values of Financial Instruments

The Fire Department's financial instruments, none of which are held for trading purposes, include cash. The following methods and assumptions used by the Fire Department in estimating its fair value disclosures for financial instruments are:

Cash: The carrying amounts reported in the statement of financial position approximate fair value because of the short maturities of those instruments.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Statement of Cash Flows

For the purposes of the statement of cash flows, all investments with a maturity of 90 days or less from the date of purchase are considered to be cash equivalents.

H. Contributions

The Fire Department has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

I. Fixed Assets

It is The Fire Department's policy to expense all assets purchased with appropriations from Rural Fire Protection District No. 2, because they are owned by Rural Fire Protection District No. 2 as stated in the contract between Rural Fire Protection District No. 2 and the ten individual fire departments. Assets purchased with other revenues are recorded as fixed assets when purchased.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, The Fire Department reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Fire Department reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Fixed assets are stated at cost. The Fire Department maintains a threshold level of \$500 or more for capitalizing fixed assets. Renewals and betterments that materially extend the life of the asset are capitalized. Upon retirement or disposal of an asset, the cost of the asset and the related accumulated depreciation are removed from the books. Any resulting gain or loss is included in the statement of activities. Straight-line depreciation is used. The assets are depreciated using the following useful lives:

	Estimated Useful Lives
Buildings	10 - 40 Years
Building Improvements	10 - 40 Years
Machinery and Equipment	5 - 7 Years
Vehicles	5 - 15 Years

2. Cash and Cash Equivalents

Cash at December 31, 2008 consisted of the following:

Demand Deposits	\$ <u>66,626</u>
Total	\$ <u>66,626</u>

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

3. Fixed Assets

Fixed Assets and depreciation as of and for the year ended December 31, 2008:

	12/31/07	Increases	Decreases	12/31/08
Fixed assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Total fixed assets not being depreciated	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Fixed assets being depreciated:				
Buildings	202,814	-	-	202,814
Building Improvements	4,290	-	-	4,290
Machinery & Equipment	-	-	-	-
Vehicles	50,000	-	-	50,000
Total capital assets being depreciated	<u>257,104</u>	<u>-</u>	<u>-</u>	<u>257,104</u>
Less accumulated depreciation for				
Buildings	15,168	5,200	-	20,368
Building Improvements	238	287	-	525
Machinery and Equipment	-	-	-	-
Vehicles	16,389	3,333	-	19,722
Total accumulated depreciation	<u>31,795</u>	<u>8,820</u>	<u>-</u>	<u>40,615</u>
Fixed assets being depreciated, net	<u>225,309</u>	<u>(4,482)</u>	<u>-</u>	<u>216,489</u>
Total fixed assets, net	<u>\$ 235,309</u>	<u>\$ (4,482)</u>	<u>\$ -</u>	<u>\$ 226,489</u>

Depreciation expense for the year ended December 31, 2008 was \$ 8,820.

4. Long-Term Indebtedness

Long-term debt consists of the following:

Loan with USDA for ladder truck and building bearing interest of 4.625% requiring 179 consecutive monthly principal and interest payments of \$641 beginning March 22, 2003, and one final payment of remaining principal and unpaid interest on February 22, 2018. Secured with equipment and building.	55,066
Loan with USDA to finish building bearing interest of 4.375% requiring 299 consecutive monthly principal and interest payments of \$291, beginning March 25, 2005, and one final payment of remaining principal and unpaid interest on February 25, 2030. Secured with equipment and building.	48,639

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

Loan with Hancock Bank for interior of building bearing interest of 6.25% requiring nine annual principal and interest payments of \$9,031.54 beginning January 25, 2006, and one final payment of remaining principal and unpaid interest on January 25, 2015. Unsecured.

54,215

Loan with First Guaranty Bank originally obtained in 2006 for grant match and subsequently renewed twice in 2008 with additional funds for operating expenses. No payments are being made on this loan. This loan is currently in litigation. Unsecured.

15,300

Total Debt

\$ 173,220

Current Portion

\$ 173,220

Long-Term Portion

0

Total Debt

\$ 173,220

The annual requirements to amortize all debt outstanding at December 31, 2008, including interest payments of \$0 are as follows:

Year Ending
December 31
2009

Total

\$ 173,220

\$ 173,220

The two USDA notes were paid off by the Town of Independence on January 28, 2009. The Town of Independence also assumed the Hancock Bank Loan effective January 28, 2009. In exchange for assuming and paying off these debts the Town of Independence took title of the fire station on 7th Street and the 1982 Ladder truck owned by Independence Volunteer Fire Dept., Inc. The only debt remaining after this transaction is the \$15,300 with First Guaranty Bank which is still being litigated.

The total interest charged to expense for the year ended December 31, 2008 was \$ 10,143.

5. Receivables

Receivables include amounts due from the Rural Fire Protection District No. 2 and an employee at December 31, 2008 and are summarized as follows:

Due from Rural Fire Protection District No. 2

Ad Valorem Taxes

\$ 44,451

Employee Receivable

\$ 29,372

Total

\$ 73,823

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

The employee receivable arose out of a misappropriation of funds by an employee. This matter was handled through the court system and the monies paid back in 2009 and received by The Fire Department in 2010.

No allowance for uncollectible accounts is required at December 31, 2008.

6. Payables

Payables at December 31, 2008 consisted of the following:

Accounts Payable	<u>\$ 6,867</u>
Total	<u>\$ 6,867</u>

7. Contract with the Rural Fire Protection District No. 2

The Tangipahoa Parish Government (the parish governing authority) created the Rural Fire Protection District No. 2 of Tangipahoa Parish (District) funded by an ad valorem tax to provide fire protection and emergency response services in the rural areas of the parish. The boundaries of the District include the unincorporated areas of Tangipahoa Parish.

The Fire Department adopted a resolution and entered into an agreement with the Rural Fire Protection District No. 2 to provide fire protection and emergency response services in the unincorporated areas surrounding the Town of Independence. Funding is provided by an ad valorem tax and related state revenue sharing. Under the terms of the contract with the District, these funds "shall be expended solely for the purposes of operating, maintaining, and / or purchasing of equipment or supplies and salaries if approved by Fire District No. 2." Equipment purchased remains the property of the Fire District and is not recorded in the accompanying financial statements.

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

8. Donated Services and Facilities

Most of the Fire Department's program and supporting services are provided by volunteers. In addition, the Fire Department utilizes an office, four fire stations, equipment, paid firemen, and various administrative expenses which are paid by funds received from Rural Fire Protection District No. 2 of Tangipahoa Parish (District). No amounts have been included in the financial statements for donated services or facilities since no objective basis is available to measure the value of such services and facilities.

9. Appropriations from Loan Proceeds

Certificates of Indebtedness, Series 2008B

In 2008, Rural Fire Protection District No. 2 borrowed \$ 250,000 on Certificates of Indebtedness, Series 2008B to be used by The Fire Department to purchase a new tanker/pumper truck.

The following certificates of indebtedness were issued. Certificates R-2, R-3, R-4, R-5, R-6, R-7, R-8 R-9 were for \$ 240,000 with an interest rate of 3.86% between the Tangipahoa Rural Fire Protection District No. 2 and Hancock Bank. Certificate R-1 was for \$ 10,000 with an interest rate of 3.93% between the Tangipahoa Rural Fire Protection District No. 2 and Hancock Bank.

There is no contractual agreement that requires The Fire Department to repay this indebtedness to the Rural Fire Protection District No. 2. However, The Fire Department is expected to pay the annual debt service on these certificates of indebtedness from the annual appropriation to be received from Rural Fire Protection District No. 2.

At December 31, 2008, the balances owed by Rural Fire Protection District No. 2 on Certificates on Indebtedness, Series 2008B were as follows:

	<u>Balance</u> <u>12/31/07</u>	<u>Payments</u> <u>FYE 12/31/07</u>	<u>Balance</u> <u>12/31/08</u>
Certificate from Hancock	<u>\$250,000</u>	<u>\$ 10,000</u>	<u>\$240,000</u>
Totals	<u>\$250,000</u>	<u>\$ 10,000</u>	<u>\$240,000</u>

Independence Volunteer Fire Department, Inc.

Notes to the Financial Statement

As of and For the Year Ended December 31, 2008

The annual requirements to amortize the debt outstanding at December 31, 2008, including interest payments of \$46,475 are as follows:

<u>Year Ending December 31</u>	<u>Total</u>
2009	19,110
2010	33,396
2011	33,411
2012	33,388
2013	33,327
2014	33,227
2015	33,088
2016	33,891
2017	<u>33,637</u>
	<u>\$286,475</u>

The required debt service payments including interest for 2008 were 17,472.

10. Compliance with Laws

Fire Department was in violation of the engagement completion filing deadline.

SUPPLEMENTAL INFORMATION

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Directors
Independence Volunteer Fire Department, Inc.
Independence, Louisiana 70443

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Independence Volunteer Fire Department, Inc. (A nonprofit corporation) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Independence Volunteer Fire Department's compliance with certain laws and regulations during the year ended December 31, 2008 included in the accompanying *Louisiana Attestation Questionnaire* and the additional agreed-upon procedures as required by the Legislative Auditor, State of Louisiana for the fiscal year ended December 31, 2008. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Independence Volunteer Fire Department, Inc. had the following local awards at December 31, 2008:

Tangipahoa Parish Rural Fire District No. 2	\$ 251,203
Agriculture and Forestry Grant	160,000
Total	<u>\$ 411,203</u>

2. For each Federal, state, and local award:

- Randomly select 6 disbursements from each award administered during the period under examination, provided that no more than 30 disbursements in total will be selected.

Six disbursements were selected for each local award.

- Trace the six disbursements to supporting documentation as to proper amount and payee.

I examined supporting documentation for five of the selected disbursements and found that payment was for the proper amount and made to the correct payee. I could not find supporting documentation for one of the selected disbursements.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

- Determine if the six disbursements were properly coded to the correct fund and general ledger account.

Five of the selected payments were properly coded to the correct fund and general ledger account. I could not find supporting documentation for one of the selected disbursements.

- Determine whether the six disbursements received approval from proper authorities.

I inspected the cancelled checks for each disbursement. Each cancelled check indicated approval from two commissioners.

- For federal awards, determine whether the disbursements comply with the applicable specific program compliance requirements summarized in the Compliance Supplement (or contained in the grant agreement, if the program is not included in the Compliance Supplement) and for state and local awards, determine whether the disbursements comply with the grant agreement, relating to:

- Activities allowed or unallowed
- Eligibility
- Reporting

The Department received a grant from USDA Rural Development in the amount of \$160,000 to build a fire station. The Department paid \$171,347.46 towards the construction of a fire station. The fire station is an asset of the Tangipahoa Parish Rural Fire Protection District No. 2.

3. For the programs selected for testing in item (2) that have been closed out during the period under review, compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

I contacted USDA Rural Development to determine if the reports were properly filed. The reports were properly filed.

Meetings

4. Examine evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Independence Volunteer Fire Department, Inc. did not post the required notice of each meeting and the accompanying agenda as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Comprehensive Budget

5. For all grants exceeding five thousand dollars, determine that each applicable federal, state, or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

A comprehensive budget was submitted to the Tangipahoa Parish Rural Fire District No. 2.

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Prior Comments and Recommendations

6. My engagement will include a review of any prior-year suggestions, recommendations, and/or comments and will indicate the extent to which such matters have been resolved.

The Louisiana Legislative Auditor's office performed a compliance audit on the Independence Volunteer Fire Department and issued a report dated September 24, 2008. The report presented the Legislative Auditor's findings and recommendations. As part of this engagement I reviewed the prior year recommendations and indicated the extent to which such matters have been resolved in the Schedule of Prior Year Findings.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Independence Volunteer Fire Department, Inc. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation

May 26, 2010

Independence Volunteer Fire Department, Inc.
Schedule of Prior Year Findings
For the Year Ended December 31, 2008

Section I - Internal Control and Compliance Material to the Financial Statements

Public Funds Converted to Cash

Recommendations: We recommend that the Independence Volunteer Fire Department implement policies and procedures to ensure that 1) all bank accounts are recorded, reconciled, and audited; 2) transfers are verified periodically by an appropriate supervisor; 3) all check writing responsibilities are separated from reconciliation duties; 4) all checks require two signatures; and 5) all disbursements from all accounts are approved by the IVFD board and are supported by the proper documentation.

Corrective Action Taken: Independence Volunteer Fire Department hired a CPA Firm to handle the accounting functions of the fire department. All bank accounts are reconciled on a monthly basis by the CPA Firm. All bank accounts are recorded in the financial statements and are subject to audit or review procedures. Transfers from bank account to bank account are done by check. Each check requires two signatures. Invoices are mailed to P.O. Box 612, Independence, LA. The chief brings the invoices to the CPA Firm for payment. Once the bills are paid the checks require two signatures. The check signors are the Fire Chief and the two assistant chiefs. The check stubs are attached to the invoices. No bills are paid without supporting documentation and no checks are written to cash.

Resolved: Fully

Employees Paid in Excess of Board Approved Salary

Recommendations: We recommend that the Independence Volunteer Fire Department implement the following policies and procedures pertaining to payroll: 1) Maintain personnel folders for each employee that includes the approved salary or rate of pay 2) Require all employees to complete time reports to document hours worked 3) Maintain written policies and procedures 4) Seek reimbursement for any amounts overpaid.

Corrective Action Taken: Independence Volunteer Fire Department implemented the following policy and procedures pertaining to payroll:

- 1) Each employee has a separate employee folder that includes the approved salary and rate of pay.
- 2) Employees use a time clock to report their arrival and departure.
- 3) A written policy and procedures manual has been implemented.
- 4) In January 2009, the former fire chief repaid \$34,000 to the Independence Volunteer Fire Department. This matter was handled through the court system. No additional retribution will be sought from any other employees.

Resolved: Fully

Continued

Independence Volunteer Fire Department, Inc.
Schedule of Prior Year Findings
For the Year Ended December 31, 2008

Lack of Oversight and Controls

Recommendations: We recommend that the Independence Volunteer Fire Department:

- 1) segregate the duties of check authorization and bank reconciliation;
- 2) require all IVFD accounts to be included in all statements of financial position;
- 3) obtain purchase requisitions and invoices for all expenditures from all accounts;
- 4) require two signatures on withdrawals from all accounts;
- 5) monitor account balances and reconcile accounts regularly;
- 6) file all necessary tax documents;
- 7) discontinue the use of public funds for celebratory functions;
- 8) require itemized receipts or invoices for all purchases made with public funds;
- 9) document attendees and the business purpose for all meals purchased with public funds.

Corrective Action Taken:

- 1) IVFD hired an outside CPA Firm to handle the accounting functions of the Fire Department. These functions include paying the bills, payroll and reconciling the bank accounts.
- 2) All of the bank accounts are reconciled on a monthly basis and are included in the financial statements.
- 3) IVFD issues purchase requisitions for most expenditures and require invoices or supporting documentation for all expenditures from all accounts.
- 4) The fire department requires two signatures on all accounts except a gaming account that was opened in October 2009.
- 5) Account balances are monitored and reconciled monthly.
- 6) IVFD did not file Forms 1099 for the calendar year ending December 31, 2008.
- 7) IVFD discontinued the use of public funds for celebratory functions during 2008 and 2009.

Resolved: Partially

The Department did not issue 1099 Forms during 2008.

The Department does not require two signatures on checks written from a gaming bank account opened in October 2009.

Concluded

Independence Volunteer Fire Department, Inc.
Schedule of Current Year Findings
For the Year Ended December 31, 2008

Section I - Summary of Auditor's Report

Section I not applicable

Section II - Financial Statement Findings

2008-1: Violation of Engagement Completion Filing Deadline

Criteria: State law, LSA-R.S. 24:513 requires that the annual review be completed and submitted to the Louisiana Legislative Auditor within six months of the close of the entity's fiscal year.

Condition: The Department did not complete and submit the annual financial statements for the fiscal year ended December 31, 2008, by the deadline of June 30, 2009.

Cause: The Department was audited by the Louisiana Legislative Auditor's Office during 2008. The former fire chief resigned and the current chief was not aware of the requirement to complete and submit the annual financial statements.

Effect: The Department is not in compliance with the state filing requirements.

Recommendation: I recommend management engage an Independent Certified Public Accountant prior to the end of the fiscal year to perform an audit or review of the Department's financial statements as necessary.

2008-2: Lack of Accounting Records

Criteria: LSA-RS Title 24:514, 24:515 and/or 33:463 requires all accounts of public funds to be maintained in such a manner to provide evidence of legal compliance and for the preparation of annual financial statements.

Condition: As a result of my examination, I noted the Department had insufficient documentation to support certain expenditures. I was not able to find supporting documentation for one of the expenditures selected for testing.

Cause: Management has not properly filed all supporting documentation.

Effect: As a result, I was not able to find supporting documentation for one of the expenditures selected for testing.

Recommendation: I recommend that management properly file invoices by vendor or by month. I also recommend that management itemize and copy the deposit slips for supporting documentation of all deposits.

2008-3: Meetings

Criteria: The Open Meetings Law (LSA-RS42:1 through 42:12) requires that notice and agendas for meetings are posted on the door of the Department's office building or advertised in the news paper.

Continued

**Independence Volunteer Fire Department, Inc.
Schedule of Current Year Findings
For the Year Ended December 31, 2008**

Condition: The Department did not advertise or post the notice of the agenda for each meeting.

Cause: The Department did not advertize or post the notice and agenda for each meeting.

Effect: The Department is not in compliance with the Open Meetings Law.

Recommendation: I recommend management post a copy of the notice and agenda for each meeting on the door of the Department's office building.

2008-4: Two signatures not required on checks

Criteria: Two signatures required on checks.

Condition: As a result of inquiry to management I discovered the Department does not require two signatures on checks written from a gaming bank account opened in October 2009.

Cause: The bank did not offer checks with two signatures.

Effect: Checks written from the gaming account only have one signature.

Recommendation: I recommend management require two signatures on checks written from the gaming account. The use of facsimile signatures should be avoided.

2008-5 Failure to issue Forms 1099

Criteria: A payer must use Form 1099-Misc to report payments to persons when payments are made in the course of a trade or business. For this rule, nonprofit organizations are considered to be engaged in a trade or business and are subject to the reporting requirements. The payer must issue a Form 1099-Misc to an individual if the payer paid at least \$600 in rents or services (including parts and materials).

Condition: The Fire Department paid several vendors more than \$600 during the calendar year ending December 31, 2008 for services but did not issue Form 1099 to these vendors.

Cause: Management relied on their accounting firm to file the proper forms.

Effect: The Department is not in compliance with this reporting requirement and may be subject to penalties.

Recommendation: I recommend that management have each vendor who provides services to the Fire Department complete Form W-9. Management should instruct their accounting firm to issue 1099 forms when necessary.

2008-6 Written Minutes

Criteria: LSA-RS 42:7.1 requires that all public bodies keep written minutes of all of their open meetings.

Condition: The Fire Department did not keep written minutes of their open meetings.

Continued

Independence Volunteer Fire Department, Inc.
Schedule of Current Year Findings
For the Year Ended December 31, 2008

Cause: The current fire chief was not aware of the requirement to keep written minutes.

Effect: The Fire Department is not in compliance with this statute.

Recommendation: I recommend management keep written minutes of their meetings.

Section III - Federal Award Findings and Questioned Costs

Section III not applicable

Concluded

**Independence Volunteer Fire Department, Inc.
Management's Corrective Action Plan
For the Year Ended December 31, 2008**

2008-1: Violation of Engagement Completion Filing Deadline

Recommendation: I recommend management engage an Independent Certified Public Accountant prior to the end of the fiscal year to perform an audit or review of the Department's financial statements as necessary.

Management Response: Management will engage an Independent Certified Public Accountant prior to the end of the fiscal year to perform an audit or review of the Department's financial statements as necessary. Person responsible is Dennis Crocker, Fire Chief (985) 878-2702.

2008-2: Lack of Accounting Records

Recommendation: I recommend that management properly file invoices by vendor or by month and itemize and copy the deposit slips for supporting documentation of all deposits.

Management Response: Management files invoices by month. Person responsible is Dennis Crocker, Fire Chief (985) 878-2702.

2008-3: Meetings

Recommendation: I recommend management post a copy of the notice and agenda for each meeting on the door of the Department's office building.

Management Response: Effective immediately management will post a copy of the notice and agenda for each meeting on the door of the Department's office building. Person responsible is Dennis Crocker, Fire Chief (985) 878-2702.

2008-4: Two signatures not required on checks

Recommendation: I recommend management require two signatures on checks written from the gaming account. The use of facsimile signatures should be avoided.

Management Response: Management will order checks with a place for two signatures on this account and require two signatures. Person responsible is Dennis Crocker, Fire Chief (985) 878-2702.

2008-5 Failure to issue Forms 1099

Recommendation: I recommend that management have each vendor who provides services to the Fire Department complete Form W-9. Management should instruct their accounting firm to issue 1099 forms when necessary.

Management Response: Management will work with the Department's accountant to issue 1099 Forms. Person responsible is Dennis Crocker, Fire Chief (985) 878-2702.

Continued

**Independence Volunteer Fire Department, Inc.
Management's Corrective Action Plan
For the Year Ended December 31, 2008**

2008-6 Written Minutes

Recommendation: I recommend management keep written minutes of their meetings.

Management Response: The fire chief started keeping written minutes of their meetings in 2010 when he was made aware of the statute. Person responsible is Dennis Crocker, Fire Chief (985) 878-2702.

Concluded

RESOLUTION

WHEREAS, Independence Volunteer Fire Department, as a part of its review of the financial statements as of December 31, 2008, and for the one year period then ended, is required to complete the Louisiana Attestation Questionnaire furnished by the Louisiana Legislative Auditor, and,

WHEREAS, upon completion, the questionnaire must be presented to and adopted by the board of directors of the Independence Volunteer Fire Department, by means of a formal resolution in an open meeting, and,

WHEREAS, the completed questionnaire and a copy of its adoption must then be given to the accountant at the beginning of the attestation engagement. The accountant will, during the course of his attestation engagement, test the accuracy of the responses in the questionnaire,

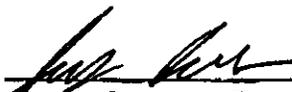
WHEREAS, the Louisiana Attestation Questionnaire was reviewed and all questions answered by the board of directors of the Independence Volunteer Fire Department,

THEREFORE BE IT RESOLVED that the Independence Volunteer Fire Department hereby adopts this resolution on MAY 26, 2010 by the following roll call vote:

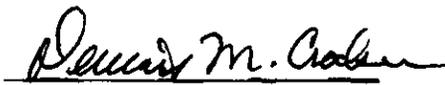
YEAS: 6

NAYS: _____

ABSENT: _____



Secretary/Treasurer



Chief

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

Phil Hebert, CPA

P.O. Box 1151

Ponchatoula, LA 70454

In connection with your review of our financial statements as of December 31, 2008 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 12/31/08.

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes No

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes No

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes No

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes No

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes [] No [X]

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes [X] No []

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

Devin M. Crocker Fire Chief 5-26-2010 Date
[Signature] Treasurer 5-26-2010 Date
David Moore President 5-26-2010 Date