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**DAVID CROCKETT STEAM VOLUNTEER  
FIRE COMPANY NUMBER ONE  
OPERATIONS FUND  
FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2007**

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 7/23/08

**Camnetar & Co., CPAs**  
a professional accounting corporation

## TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 - 9
COMPLIANCE AND INTERNAL CONTROL SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	10 - 11
Schedule of Findings and Questioned Costs.....	12
Schedule of Prior Year Findings.....	13
Management's Corrective Action Plan.....	14

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

David Crockett Steam Volunteer Fire Company Number One

We have audited the accompanying statement of financial position of the Operations Fund of David Crockett Steam Volunteer Fire Company Number One (a non-profit organization) as of and for the year ended December 31, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As explained in Note 1 to the financial statements, depreciation on property, plant and equipment is not recorded in the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that depreciation be recorded on these assets. It was not practicable to determine the effects of the unrecorded depreciation expense or accumulated depreciation as of and for the year ended December 31, 2007.

In our opinion, except for the effects of not recording depreciation on property, plant and equipment, as discussed in the preceding paragraph, the financial statements of the Operations Fund referred to in the first paragraph present fairly, in all material respects, the financial position of the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One as of December 31, 2007 and the changes in its net assets and its cash flows for the year then ended December 31, 2007 in accordance with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008 on our consideration of the David Crockett Steam Volunteer Fire Company Number One's internal control over financial reporting in its Operations Fund and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Camnetar & Co.*

*Camnetar & Co., CPAs*

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Gretna, Louisiana

June 27, 2008

**FINANCIAL STATEMENTS**

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
STATEMENT OF FINANCIAL POSITION  
OPERATIONS FUND  
DECEMBER 31, 2007**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents \$ 366,210

Total current assets 366,210

**PROPERTY, PLANT AND EQUIPMENT**

2,816,000

**OTHER ASSETS**

Deposits -

Total other assets -

**TOTAL ASSETS** \$ 3,182,210

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Payroll taxes payable \$ 2,893

Total current liabilities 2,893

**NET ASSETS**

Unrestricted 3,179,317

Total net assets 3,179,317

**TOTAL LIABILITIES AND NET ASSETS** \$ 3,182,210

See accompanying notes and accountant's report.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
STATEMENT OF ACTIVITIES  
OPERATIONS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

UNRESTRICTED NET ASSETS

REVENUE	
City funding	\$ 1,008,758
State supplemental pay	43,175
Miscellaneous	58,769
Grant	<u>104,952</u>
Total revenue	1,215,654
EXPENSES	
Administrative	21,627
Firefighting	<u>964,456</u>
Total expenses	<u>986,083</u>
INCREASE IN UNRESTRICTED NET ASSETS	229,571
NET ASSETS-BEGINNING OF YEAR	<u>2,949,746</u>
NET ASSETS-END OF YEAR	<u>\$ 3,179,317</u>

See accompanying notes and accountant's report.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**STATEMENT OF CASH FLOWS**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 229,571
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Decrease in deposits	2,125
Increase in payroll taxes payable	<u>1,176</u>
 Net cash provided by operating activities	 232,872
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	<u>(101,383)</u>
 Net cash used in investing activities	 (101,383)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 131,489
 CASH AND CASH EQUIVALENTS - beginning of year	 <u>234,721</u>
 CASH AND CASH EQUIVALENTS - end of year	 <u>\$ 366,210</u>

See accompanying notes and accountant's report.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**NOTES TO FINANCIAL STATEMENTS**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DESCRIPTION OF ACTIVITIES

David Crockett Steam Volunteer Fire Company Number One (a non-profit organization) was established to provide fire fighting within the City of Gretna, Louisiana. In addition, the Organization provides fire code inspections for businesses within the city, as well as fire and rescue training for its members. David Crockett Steam Volunteer Fire Company Number One received the vast majority of its financial support from the City of Gretna. The financial statements do not include the separate fund to account for the social activities of the company; it only includes the operations fund.

A summary of the David Crockett Steam Volunteer Fire Company Number One's Operations Fund significant accounting policies applied in the preparation of the accompanying financial statements follows.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements are prepared on the accrual basis. Under that basis, revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, information regarding financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets and a statement of cash flows is required. As of December 31, 2006, David Crockett Steam Volunteer Fire Company Number One's operations fund had only unrestricted net assets.

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

COMPENSATED ABSENCES

A liability has not been recorded for accumulated vacation or sick leave because it is nonvesting.

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment were stated at acquisition cost since 1991. Assets purchased prior to 1991 are recorded at their fair market value. No provision for depreciation expense has been recorded in the financial statements.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
OPERATIONS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE - 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

DONATED SERVICES

The value of donated services is not reflected in the accompanying financial a statement since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's fire fighting activities.

INCOME TAXES

The fire company is exempt from income taxes under Internal Revenue Code section 501(c)(4) as a nonprofit organization and thus these financial statements contain no provision for income taxes.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, for cash flow statement purposes, include investments in highly liquid debt instruments with maturities of three months or less, including amounts whose use is limited by board designation.

ON-BEHALF PAYMENTS

Supplemental pay which is paid directly to employees of the Fire Company by the State of Louisiana, Department of Public Safety, is recognized as revenue and salaries expense in the year in which paid. For the year ended December 31, 2007, the amount recognized as revenue and expenses was \$ 43,175.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At December 31, 2007, the carrying amount of the David Crockett Steam Volunteer Fire Company Number One operations fund bank account was \$366,210. The bank balances maintained at various financial institutions was \$383,555 of which \$370,970 was covered by federal depository insurance.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 OPERATIONS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 3 - CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

The following is a summary of changes in the Property, Plant and Equipment during the year ended December 31, 2007

	Balance <u>January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2007</u>
Land	\$ 48,500	\$ -	\$ -	\$ 48,500
Buildings & Improvements	667,733	35,533	-	703,266
Fire Fighting Equipment	1,980,473	64,604	-	2,045,077
Furniture & Fixture	<u>17,910</u>	<u>1,247</u>	<u>-</u>	<u>19,157</u>
<b>TOTAL</b>	<b><u>\$ 2,714,616</u></b>	<b><u>\$ 101,384</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,816,000</u></b>

**NOTE 4 - RELATED PARTY TRANSACTIONS**

The Board employed, on a part-time basis, Antionette Black, who is the wife of the Fire Chief Robert Black. Mrs. Black was paid \$1,511 for 2007.

**NOTE 5 - PENSION PLAN**

The Company has a defined contribution plan covering substantially all of its employees. The name of the plan is David Crockett Fire Company Number One Profit Sharing Plan & Trust, which is administered by David Crockett Steam Volunteer Fire Company Number One. The plan was established under provisions of various sections of the Internal Revenue Code. The plan provides for discretionary contributions by the employer based on employees' salary and elective contributions by the employees. The plan was established effective October 1, 1999. The employer contributions for 2007 were \$10,120 and the employee contributions for 2007 were \$10,169.

**NOTE 6 - FIRE FIGHTING EQUIPMENT LEASE**

The David Crockett Steam Volunteer Fire Co. Number One is being provided with fire fighting equipment by the City of Gretna under a lease for \$1 per year. The Company is responsible for maintenance and to maintain insurance on the equipment being leased. The equipment remains the property of the City of Gretna and therefore is not presented in Property, Plant and Equipment.

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**OPERATIONS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**NOTE 7 - CONTINGENCIES**

The fire company was served with a lawsuit regarding unpaid charges stemming from equipment purchases in the aftermath of Hurricane Katrina. The vendor had agreed to wait until reimbursement was received by the fire company from FEMA through the City of Gretna. Due to several delays in the application process, the vendor rescinded its previous agreement to delay collection, made demand for payment, and subsequently filed a lawsuit demanding payment in state court in Alleghany, PA.

The vendor is demanding payment of \$111,906.50 of which the fire company has agreed to and has made payment of \$96,351.05. The remaining \$15,555.45 is in dispute. This dispute stems from double billing of approximately \$6,000.00 and certain charges for which neither the fire company nor the vendor have any record of delivery or receipt. The outcome of this dispute is yet to be determined. No provision was made to accrue these expenses on the financial statements at December 31, 2007.

**COMPLIANCE AND INTERNAL CONTROL SECTION**

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**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 Board of Directors  
David Crockett Steam Volunteer Fire Company Number One

We have audited the operations fund financial statements of the David Crockett Steam Volunteer Fire Company Number One (a non-profit organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 27, 2008. We conducted our audit in accordance with generally accepted 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the David Crockett Steam Volunteer Fire Company Number One's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the operations fund financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement or the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the David Crockett Steam Volunteer Fire Company Number One operations fund financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the members of the David Crockett Steam Volunteer Fire Company Number One's management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Camnetar & Co.*

*Camnetar & Co., CPAs*

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Gretna, Louisiana

June 27, 2008

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

We have audited the financial statements of the Operations Fund of the David Crockett Steam Volunteer Fire Company Number One as of and for the year ended 2007 and have issued our report thereon dated June 27, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2007 resulted in a qualified opinion.

**Section I Summary of Auditor's Reports**

**Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses     Yes     No    Significant Deficiencies     Yes     No

Compliance

Compliance Material to Financial Statements     Yes     No

**Section II Financial Statement Findings**

**A. Issues of Non Compliance**

None

**B. Significant Deficiencies**

None

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

None

**Section II Management Letter**

None

**DAVID CROCKETT STEAM VOLUNTEER FIRE COMPANY NUMBER ONE  
MANAGEMENT CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

None

**Section II Management Letter**

None