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R E P O R T

WKB VOLUNTEER FIRE COMPANY

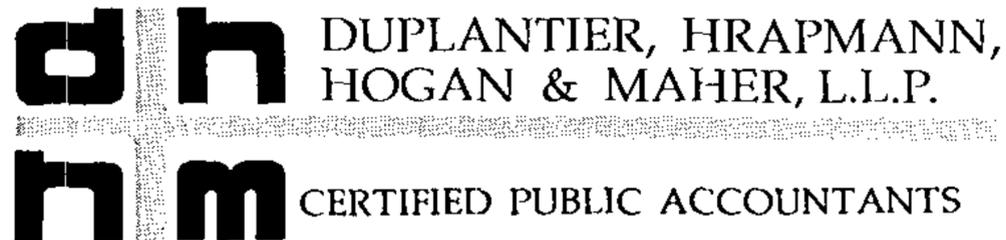
DECEMBER 31, 1998 AND 1997

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Release Date 7-21-99

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DECEMBER 31, 1998 AND 1997

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MICHAEL J. O'ROURKE, C.P.A.  
WILLIAM G. STAMM, C.P.A.  
CLIFFORD J. GIFFIN, JR., C.P.A.  
DAVID A. BURGARD, C.P.A.  
LINDSAY J. CALUB, C.P.A., L.L.C.  
DAVID J. MUMFREY, C.P.A.  
GUY L. DUPLANTIER, C.P.A.  
BONNIE J. McAFFEE, C.P.A.

1340 Poydras St., Suite 2000 • New Orleans, LA 70112  
(504) 586-8866  
FAX (504) 525-5888  
cpa@dhhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.  
(1919-1985)  
FELIX J. HRAPMANN, JR., C.P.A.  
(1919-1990)  
WILLIAM R. HOGAN, JR., C.P.A.  
(1920-1996)  
JAMES MAHER, JR., C.P.A.  
(1921-1999)

MICHELLE H. CUNNINGHAM, C.P.A.  
KENNETH J. BROOKS, C.P.A., ASSOCIATE

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LA. C.P.A.'S

## INDEPENDENT AUDITOR'S REPORT

June 1, 1999

Board of Directors  
WKB Volunteer Fire Company  
4040 Highway 90 West  
Avondale, LA 70094

We have audited the accompanying statements of financial position of WKB Volunteer Fire Company (a Louisiana nonprofit corporation) for the years ended December 31, 1998 and 1997, and the related statements of activities, functional expenses, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of WKB Volunteer Fire Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and *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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WKB Volunteer Fire Company as of December 31, 1998 and 1997, and its changes in net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 1999 on our consideration of the WKB Volunteer Fire Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Duplantier, Hrapmann, Hogan & Maher LLP*

WKB VOLUNTEER FIRE COMPANY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 1998 AND 1997

	<u>ASSETS</u>	
	<u>1998</u>	<u>1997</u>
<b>CURRENT ASSETS:</b>		
Cash in banks (Note 1)	\$ 10,847	\$ 25,599
Cash in savings accounts (Note 1)	710	9,997
Cash - restricted (Note 6)	6,460	27,501
Employee advances	770	--
Total current assets	18,787	63,097
<b>PROPERTY AND EQUIPMENT: (Note 1)</b>		
Equipment	264,588	260,151
Automobiles	48,167	24,105
Capital improvements	61,010	59,225
Furniture and fixtures	15,032	13,076
Total	388,797	356,557
Less: accumulated depreciation	245,165	214,458
Net property and equipment	143,632	142,099
<b>TOTAL ASSETS</b>	\$ 162,419	\$ 205,196
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 5,576	\$ 6,513
Amount held in escrow (Note 6)	6,460	27,501
Garnishments payable	1,773	1,513
Capital leases payable (Note 4)	7,696	8,772
Note payable (Note 3)	4,824	1,503
Total current liabilities	26,329	45,802
<b>LONG TERM LIABILITIES:</b>		
Capital leases payable (Note 4)	2,935	10,138
Note payable (Note 3)	13,246	164
Total long-term liabilities	16,181	10,302
Total liabilities	42,510	56,104
<b>NET ASSETS:</b>		
Unrestricted	119,909	149,092
Total net assets	119,909	149,092
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 162,419	\$ 205,196

See accompanying notes.

WKB VOLUNTEER FIRE COMPANY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
UNRESTRICTED NET ASSETS:		
Revenues: (Note 1)		
Jefferson Parish contract	\$ 360,000	\$ 348,000
Jefferson Parish monthly subsidy	9,000	9,000
Jefferson Parish quarterly subsidy	4,000	4,000
Jefferson Parish station upgrade revenue	—	60,000
Jefferson Parish insurance rebate	7,835	7,501
Miscellaneous revenue	5,157	8,590
Total revenue	<u>385,992</u>	<u>437,091</u>
EXPENSES:		
Firefighting (Pages 4 and 5)	340,656	303,913
Support services:		
Administrative and general (Pages 4 and 5)	74,519	83,908
Total expenses	<u>415,175</u>	<u>387,821</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	(29,183)	49,270
Net assets - beginning of year	<u>149,092</u>	<u>99,822</u>
NET ASSETS - END OF YEAR	<u>\$ 119,909</u>	<u>\$ 149,092</u>

See accompanying notes.

WKB VOLUNTEER FIRE COMPANY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>FIREFIGHTING</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>TOTAL</u>
EXPENSES: (Note 1)			
Bank charges	\$ --	\$ 1,149	\$ 1,149
Interest expense	--	4,506	4,506
Conventions	5,915	--	5,915
Drinks and snacks	3,423	--	3,423
Dues and fees	713	--	713
Flowers and gifts	1,080	--	1,080
Insurance contract	15,458	3,338	18,796
Depreciation	25,253	5,454	30,707
Miscellaneous expense	7,302	1,577	8,879
Office supplies	--	4,495	4,495
Payroll service	--	815	815
Postage and meter	1,630	352	1,982
Professional services	9,370	2,023	11,393
Telephone	2,612	564	3,176
Travel	--	1,302	1,302
Utilities	8,383	1,810	10,193
Salaries	174,487	37,681	212,168
Payroll taxes	15,116	3,264	18,380
Insurance employees	12,337	1,038	13,375
Insurance workers' compensation	16,958	3,662	20,620
Auto fuel and oil	5,074	1,096	6,170
Auto repairs and upkeep	1,818	393	2,211
Bunker gear	1,585	--	1,585
Engine 768	12	--	12
General maintenance	5,916	--	5,916
Ladder test	154	--	154
Equipment	176	--	176
Outside labor	1,163	--	1,163
Printing	403	--	403
Rescue 769	116	--	116
Repairs - equipment	2,547	--	2,547
Repairs - radio	3,812	--	3,812
Uniforms	7,073	--	7,073
Meals	1,361	--	1,361
Station supplies	7,874	--	7,874
Training and supplies	1,535	--	1,535
	<u>\$ 340,656</u>	<u>\$ 74,519</u>	<u>\$ 415,175</u>
TOTAL EXPENSES			

See accompanying notes.

WKB VOLUNTEER FIRE COMPANY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 1997

	<u>FIREFIGHTING</u>	<u>ADMINISTRATIVE AND GENERAL</u>	<u>TOTAL</u>
EXPENSES: (Note 1)			
Bank charges	\$ --	\$ 903	\$ 903
Interest expense	--	3,564	3,564
Conventions	2,088	--	2,088
Drinks and snacks	2,632	--	2,632
Dues and fees	268	--	268
Flowers and gifts	414	--	414
Insurance contract	15,988	4,345	20,333
Depreciation	26,046	7,079	33,125
Miscellaneous expense	4,634	1,161	5,795
Office supplies	--	6,918	6,918
Payroll service	--	1,068	1,068
Postage and meter	1,323	360	1,683
Professional services	7,558	2,054	9,612
Telephone	1,131	308	1,439
Travel	--	4,140	4,140
Utilities	6,182	1,680	7,862
Salaries	141,246	38,388	179,634
Payroll taxes	13,767	3,742	17,509
Insurance employees	10,343	2,811	13,154
Insurance workers' compensation	14,846	4,035	18,881
Auto fuel and oil	3,597	978	4,575
Auto repairs and upkeep	1,377	374	1,751
Bunker gear	8,391	--	8,391
Engine 768	1,845	--	1,845
General maintenance	7,252	--	7,252
Ladder test	154	--	154
Equipment	667	--	667
Printing	1,500	--	1,500
Rescue 769	337	--	337
Repairs - equipment	5,622	--	5,622
Repairs - radio	2,663	--	2,663
Uniforms	11,009	--	11,009
Meals	1,481	--	1,481
Station supplies	6,668	--	6,668
Training awards	294	--	294
Training and supplies	2,590	--	2,590
	<u>\$ 303,913</u>	<u>\$ 83,908</u>	<u>\$ 387,821</u>
TOTAL EXPENSES			

See accompanying notes.

WKB VOLUNTEER FIRE COMPANY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (29,183)	\$ 49,270
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	30,707	33,125
(Increase) decrease in employee advances	(770)	25
Increase (decrease) in accounts payable	(937)	(30,115)
Increase in garnishment payable	260	768
Net cash provided by operating activities	<u>77</u>	<u>53,073</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of automobile	(24,062)	--
Purchase of capital improvements	(1,785)	(1,150)
Purchase of equipment	(4,437)	(37,558)
Purchase of furniture and fixtures	(1,956)	(599)
Net cash used in investing activities	<u>(32,240)</u>	<u>(39,307)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	21,062	--
Principal payments on note payable	(4,659)	(1,743)
Principal payments on capital leases	(8,279)	(6,865)
Net cash provided (used) in financing activities	<u>8,124</u>	<u>(8,608)</u>
NET INCREASE (DECREASE) IN CASH	(24,039)	5,158
Cash and cash equivalents at beginning of year	<u>35,596</u>	<u>30,438</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 11,557</u>	<u>\$ 35,596</u>

See accompanying notes.

WKB VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

ORGANIZATION:

The fire company was organized as a nonprofit corporation in September of 1981 to provide the citizens in the Seventh Fire Protection District with fire protection and related services. The department is under a month-to-month contract with Jefferson Parish. The majority of the fire company's revenue is derived from this contract. The department also responds to emergencies consisting of floods, hurricanes, etc. The company consists of one fire station.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the fire company's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting and Presentation:

The fire company's policy is to prepare its financial statements on the accrual basis of accounting. 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 its Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the fire company is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the fire company is required to present a statement of cash flows. As of December 31, 1998 and 1997, the fire company had only unrestricted net assets.

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

Promises To Give:

Gifts are recognized when the donor makes a promise to give to the fire company that is, in substance, unconditional. Gifts that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the gifts are recognized. All other donor-restricted gifts are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

WKB VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Sources Of Revenue:

WKB Volunteer Fire Company is one of five contractual fire companies of the Seventh Fire District, Parish of Jefferson. The Seventh Fire District of the Parish of Jefferson levies an ad valorem tax on assessed property of the district. The sum of this collection is equally divided between the five contractual volunteer fire companies of the district on a monthly pro-rata basis. The monthly allocation to each fire company was \$30,000 and \$29,000 which amounted to \$360,000 and \$348,400 for 1998 and 1997, respectively.

In addition the Parish of Jefferson provides a direct subsidy of \$750 per month per active station and a quarterly subsidy of \$1,000 per station. WKB Volunteer Fire Company presently has one station. This direct subsidy amounts to a total of \$13,000 for each year ended December 31, 1998 and 1997.

The fire company also participates in a fire insurance tax rebate program with Jefferson Parish. Jefferson Parish receives a rebate on the State of Louisiana's two percent (2%) fire insurance tax collected by the Commissioner of Insurance. The State of Louisiana determines the amount to be received by each fire district based on total population served. WKB Fire Company shares equally in the amount received by the Seventh District with each of the other four fire companies. The insurance rebate received during 1998 and 1997 amounted to \$7,835 and \$7,501, respectively.

During 1997 the fire company also received \$60,000 from the Parish of Jefferson for various station upgrades. This amount was a nonrecurring allocation.

Property and Equipment:

Property and equipment consists of equipment, automobiles, capital improvements and furniture and fixtures which are all carried at historical cost. All assets are being depreciated over their estimated useful lives of seven years for furniture and fixtures and five years for equipment and the automobiles. Furniture and fixtures includes property obtained under a capital lease in the amount of \$26,695 (see Note 4). Automobiles also includes property acquired under a security agreement in the amount of \$21,602 (see Note 3). Capital improvements to land in the amount of \$58,615 were capitalized and depreciated over the estimated useful life of 15 years. The fire company does not own the land, but is entitled to use of the land under the month to month contract with Jefferson Parish. If the contract with Jefferson Parish is terminated, the net book value of capital improvements would be expensed in the year of termination. Depreciation expense for 1998 and 1997 was \$30,707 and \$33,125, respectively.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the fire company has defined cash and cash equivalents as all items on the statement of financial position identified as cash in banks and savings accounts. Amounts bearing donor imposed restrictions (see Note 6) are not considered "cash" for purposes of the statement of cash flows.

WKB VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Supplemental Disclosures of Cash Flow Information:

Cash paid during 1998 and 1997 are as follows:

	<u>1998</u>	<u>1997</u>
Interest	\$ 4,506	\$ 3,564
Taxes	--	--

Noncash Investing and Financing Activities:

	<u>1998</u>	<u>1997</u>
Acquisition of equipment through capital leases (Note 5)	\$ --	\$22,249
Acquisition of automobile through security agreement (Note 4)	21,062	--

Donated Services:

Amounts have not been reflected in the financial statements for donated services. Donated services were not recorded due to the fact that the value of these services was not readily determinable. However, a substantial number of volunteers have donated significant amounts of their time in the fire company's program services.

2. INCOME TAXES:

The fire company was organized as a nonprofit corporation which has not elected tax exempt status.

The fire company has not filed a federal or state tax return for the tax years from the date of its incorporation (1981) through the year ended December 31, 1998. Failure to file tax returns could result in the assessment of penalties by the Internal Revenue Service and State of Louisiana. No provision has been made in the financial statements for such penalties.

3. NOTE PAYABLE:

On April 3, 1998 the fire company made a down payment of \$3,000 and entered into a security agreement for the purchase of a vehicle in the amount of \$21,062. The note which is secured by the vehicle includes an interest rate of 9.95% and requires forty-eight monthly payments of principal and interest in the amount of \$533.80.

Minimum future payments under the note payable are as follows for the years indicated:

<u>YEARS ENDING DECEMBER 31</u>	<u>AMOUNT</u>
1999	\$ 4,824
2000	5,323
2001	5,881
2002	<u>2,042</u>
	<u>\$18,070</u>

WKB VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

3. NOTE PAYABLE: (Continued)

On February 13, 1996 the fire company entered into a security agreement for the purchase of a vending machine in the amount of \$4,610. The note which was secured by the vending machine included an interest rate of 9.75% and required thirty-six monthly payments of \$167. This note was paid off during 1998.

The statement of financial position classification is as follows:

	<u>1998</u>	<u>1997</u>
Current portion of note payable	\$ 4,824	\$1,503
Long term portion of note payable	<u>13,246</u>	<u>164</u>
	<u>\$18,070</u>	<u>\$1,667</u>

4. CAPITAL LEASES PAYABLE:

On April 9, 1997, the fire company entered into a capital lease to purchase fitness equipment in the amount of \$12,000. The asset and liability under this capital lease are recorded at the present value of the minimum lease payments.

Minimum future lease payments under this lease are as follows:

<u>YEARS ENDING</u> <u>DECEMBER 31</u>	<u>AMOUNT</u>
1999	\$4,428
2000	<u>735</u>
Total minimum lease payments	5,163
Less amount representing interest	<u>590</u>
Capital lease payable	<u>\$4,573</u>

On June 2, 1997, the fire company entered into a capital lease to purchase a riding lawn mower in the amount of \$10,428. The asset and liability under this capital lease are recorded at the present value of the minimum lease payments.

Minimum future lease payments under this lease are as follows:

<u>YEARS ENDING</u> <u>DECEMBER 31</u>	<u>AMOUNT</u>
1999	\$3,925
2000	<u>2,290</u>
Total minimum lease payments	6,215
Less amount representing interest	<u>474</u>
Capital lease payable	<u>\$ 5,741</u>

On February 8, 1996, the fire company entered into a capital lease to purchase an ice machine in the amount of \$4,267. The asset and liability under this capital lease are recorded at the present value of the minimum lease payments.

WKB VOLUNTEER FIRE COMPANY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

4. CAPITAL LEASES PAYABLE: (Continued)

Minimum future lease payments under this lease are as follows:

<u>YEARS ENDING DECEMBER 31</u>	<u>AMOUNT</u>
1999	\$ <u>326</u>
Total minimum lease payments	326
Less amount representing interest	<u>9</u>
Capital lease payable	<u>\$ 317</u>

The statement of financial position classification for all capital leases is as follows:

	<u>1998</u>	<u>1997</u>
Current portion of capital leases payable	\$ 7,696	\$ 8,772
Long term portion of capital leases payable	<u>2,935</u>	<u>10,138</u>
	<u>\$10,631</u>	<u>\$18,910</u>

5. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. AMOUNT HELD IN ESCROW:

During 1997, Jefferson Parish authorized the fire company to sell a fire truck owned by the parish. The proceeds of the sale in the amount of \$27,501 were required to be held in escrow and were restricted for the payment of the note on a new fire truck which was purchased in 1998 and will be owned by the parish. The proceeds from the fire truck sold exceeded the cost of the new fire truck by \$6,460. Therefore, restricted cash is recorded on the statement of financial position in the amount of \$6,460 which is held in escrow for Jefferson Parish. Restricted cash is recorded on the statement of financial position in the amount of \$27,501 for the year ended December 31, 1997.

7. LITIGATION:

The WKB Volunteer Fire Company is a defendant in a lawsuit. Their attorney has reviewed this claim and lawsuit, which is in its early stages, in order to evaluate the likelihood of an unfavorable outcome to the fire company and to arrive at an estimate, if any, of the amount or range of potential loss. As a result of such review, the various claims and lawsuits have been categorized into "probable," "reasonably possible," and "remote" contingencies, as defined in FASB No. 5 for claims and judgments. There were no loss contingencies categorized as "probable" for December 31, 1998 and 1997. The fire company's "reasonably possible" loss contingencies at December 31, 1998 and 1997 for which an amount of liability can be estimated, were \$7,000 and \$-0-, respectively.

WKB VOLUNTEER FIRE COMPANY  
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED DECEMBER 31, 1998

June 1, 1999

To the Board of Directors  
WKB Volunteer Fire Company

We have audited the financial statements of WKB Volunteer Fire Company (a Louisiana nonprofit organization) as of and for the year ended December 31, 1998, and have issued our report thereon dated June 1, 1999.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

As noted in the previous year, the fire company has no subsidiary record of its property and equipment to substantiate the cost basis. We recommend the fire company perform an "inventory" of all capitalizable assets. A subsidiary schedule should be maintained reflecting the historical cost of the assets and related accumulated depreciation.

Also as noted in the previous year, the fire company has not filed for exempt status as a nonprofit organization with the Internal Revenue Service. In addition, the fire company has not filed federal or state income tax returns since its inception in 1981 through the year ended December 31, 1998. We recommend the fire company file for exempt status with the Internal Revenue Service and file all tax returns required by the Internal Revenue Service and State of Louisiana.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the WKB Volunteer Fire Company's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the fire company's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the following paragraph.

During the current year, we were unable to verify employees' salaries because there was no documented approval in employee personnel files or in the Board of Directors' minutes. The Board of Directors should approve all employee salaries.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness. We also have noted other matters involving the internal control over financial reporting that we have noted in the following paragraph.

As noted in previous years, the fire company does not maintain a subsidiary listing of property and equipment to substantiate the cost basis. The fire company should perform an inventory of all capitalizable assets. A subsidiary schedule should be maintained reflecting the historical cost of the assets and related accumulated depreciation.

During 1997, we noted certain matters involving the internal control and its operation which were subsequently corrected. The items are mentioned in the following paragraphs:

In the previous year we noted the fire company did not require employees to complete IRS Form W-4, Department of Immigration and Naturalization Form I-9, or the state of Louisiana form L-4 for withholding of employee's income taxes. Our audit testing indicated this was corrected.

In the previous year we noted that not all minutes of the Board of Directors' meetings were approved and signed.

This report is intended for the information of the Board of Directors, management, and applicable parish, state or federal agencies. However, this report is a matter of public record, and its distribution is not limited.

*Duplantier, Hopmann, Hogan & Archer LLP*



SHERMAN TAYLOR  
PRESIDENT

# W.K.B. VOLUNTEER FIRE COMPANY

4040 Highway 90 West  
Avondale, Louisiana 70094  
(504) 349-5576

JUAN SHELBY  
CHIEF

June 15, 1999

Legislative Auditor  
Baton Rouge, Louisiana 70804

Dear Sir or Madam:

## CORRECTIVE ACTION PLAN

### A. FINANCIAL STATEMENT AUDIT OPINION

Our auditors, Duplantier, Hrapmann, Hogan & Maher, LLP, have audited the financial statements of W.K.B. Volunteer Fire Company as of and for the year ended December 31, 1998 and have issued their report thereon dated June 1, 1999. They conducted their 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. Their audit as of December 31, 1998 resulted in an unqualified opinion.

### B. REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

#### INTERNAL CONTROL CURRENT YEAR FINDINGS:

Reportable conditions considered to be material weaknesses:

#### 98-01 - Employees' Salaries:

We were unable to verify employees' salaries because there was no documented approval in employees' personnel files or in the Board of Director's minutes.

#### Management's Response:

The Board of Directors is in the process of reviewing all employees' salaries. In the future all employees' salaries will be approved by the Board of Directors.

### C. OTHER MATTERS:

Immaterial instances of noncompliance and other matters involving internal control over financial reporting.

#### 98-02 - Property, Plant and Equipment:

The Fire Company does not have a subsidiary listing of property and equipment to substantiate the cost basis.

#### Management's Response:

The Board will work closely with their independent CPA firm to develop a subsidiary listing of property, plant and equipment.

98-03 - Tax Status:

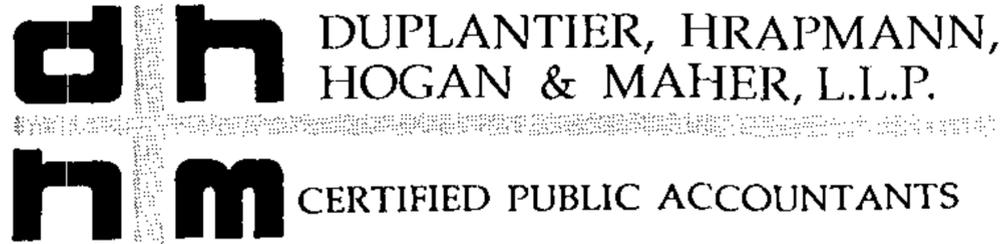
The Fire Company has not filed for tax exempt status as a nonprofit organization with the Internal Revenue Service, nor has it filed any federal or state income tax returns since its inception in 1981 through December 31, 1998.

Management's Response:

The Board will engage their independent CPA firm to file for exempt organization status and file all necessary tax returns.

Mark J. Marine  
Mark Marine, Treasurer

Sherman Taylor  
Sherman Taylor, President



DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

MICHAEL J. O'ROURKE, C.P.A.  
WILLIAM G. STAMM, C.P.A.  
CLIFFORD J. GIFFIN, JR., C.P.A.  
DAVID A. BURGARD, C.P.A.  
LINDSAY J. CALUB, C.P.A., L.L.C.  
DAVID J. MUMFREY, C.P.A.  
GUY L. DUPLANTIER, C.P.A.  
BONNIE J. McAFEE, C.P.A.

1340 Poydras St., Suite 2000 • New Orleans, LA 70112  
(504) 586-8866  
FAX (504) 525-5888  
cpa@dhhmcpa.com

A.J. DUPLANTIER, JR., C.P.A.  
(1919-1985)  
FELIX J. HRAPMANN, JR., C.P.A.  
(1919-1990)  
WILLIAM R. HOGAN, JR., C.P.A.  
(1920-1996)  
JAMES MAHER, JR., C.P.A.  
(1921-1999)

MICHELLE H. CUNNINGHAM, C.P.A.  
KENNETH J. BROOKS, C.P.A., ASSOCIATE

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LA C.P.A.'S

June 1, 1999

Legislative Auditor  
Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804

Dear Sir or Madam:

SCHEDULES AND DATA COLLECTION FORM

SECTION 1: SUMMARY OF AUDITOR'S REPORTS

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of WKB Volunteer Fire Company as of and for the year ended December 31, 1998 and have issued our report thereon dated June 1, 1999. 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 as of December 31, 1998 resulted in an unqualified opinion.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS:

Internal Control:

Material weaknesses - See current year finding 98-01 below  
Reportable conditions - See current year finding 98-01 below

Compliance:

Noncompliance material to financial statements - none noted

SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS:

98-01 - Employees' Salaries:

We were unable to verify employees' salaries because there was no documented approval in employees' personnel files or in the Board of Directors' minutes.

98-02 - Property, Plant and Equipment:

As noted in the prior years (See 97-01), the Fire Company does not have a subsidiary listing of property and equipment to substantiate the cost basis.

98-03 - Tax Status:

As noted in prior years (See 97-02), the Fire Company has not filed for tax exempt status as a nonprofit organization with the Internal Revenue Service, nor has it filed any federal or state income tax returns since its inception in 1981 through December 31, 1998.

B. PRIOR YEAR FINDINGS (OTHER MATTERS):

98-01 - Property, Plant and Equipment:

As noted in the prior year, the Fire Company does not have a subsidiary listing of property and equipment to substantiate the cost basis. This has not been corrected in the current year (See 98-02).

98-02 - Tax Status:

As noted in the prior year, the Fire Company has not filed for tax exempt status as a nonprofit organization with the Internal Revenue Service, nor has it filed any federal or state income tax returns since its inception in 1981 through December 31, 1998. This has not been corrected in the current year (See 98-03).

97-03 - Payroll Forms:

During 1997 the Fire Company did not have IRS Form W-4, the State of Louisiana Form L-4, or the Department of Immigration and Naturalization Form I-9 completed and maintained for each employee. This was corrected during the current year.

97-04 - Approval of Board Minutes:

During 1997 the Fire Company did not approve all Board of Directors' minutes from their meetings. This was corrected during all current year.

*Duplantier, Hapmann, Hogan & Maher LLP*