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GRAND ISLE
VOLUNTEER FIRE COMPANY #1

General Purpose Financial Statements

Grand Isle, Louisiana

December 31, 2000

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Release Date 8-22-01

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Grand Isle, Louisiana

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A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Grand Isle Volunteer Fire Company #1
Grand Isle, Louisiana

We have audited the accompanying general purpose financial statements - all fund types and account groups of the Grand Isle Volunteer Fire Company #1 as of December 31, 2000, and the related statements of revenues, expenditures, and changes in fund balances for the two years then ended, as listed in the table of contents. These financial statements are the responsibility of the Fire Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Grand Isle Volunteer Fire Company #1 as of December 31, 2000, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2001 on our consideration of the Grand Isle Volunteer Fire Company #1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

June 20, 2001



**GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA**

Combined Balance Sheet - All Fund Types and Account Groups

December 31, 2000

	Governmental Fund Type- General	Account Groups		Total (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	2000	1999
ASSETS					
Cash and savings deposits	\$ 38,127	\$ -	\$ -	\$ 38,127	\$ 28,299
Contributions of deposit	13,528	-	-	13,528	13,571
Buildings	-	244,583	-	244,583	244,583
Firefighting equipment	-	143,073	-	143,073	128,064
Furniture and fixtures	-	15,273	-	15,273	15,273
Land	-	38,800	-	38,800	38,800
Amount to be provided for replacement of general long-term debt	-	-	17,330	17,330	3,811
Total assets	\$ 49,655	\$ 1,142,729	\$ 17,330	\$ 1,203,714	\$ 1,178,901
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 2,576	\$ -	\$ -	\$ 2,576	\$ 1,734
Payroll taxes payable	4,918	-	-	4,918	3,811
Note and capital lease payable	-	-	17,330	17,330	3,811
Total liabilities	7,494	-	17,330	24,822	8,856
Fund equity:					
Investment in general fixed assets	-	1,142,729	-	1,142,729	1,129,710
Fund balance:					
Unassigned, undesignated	38,983	-	-	38,983	34,835
Total fund equity	38,983	1,142,729	-	1,178,202	1,164,545
Total liabilities and fund equity	\$ 43,655	\$ 1,142,729	\$ 17,330	\$ 1,203,714	\$ 1,172,981

**GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA**

**Statements of Revenues, Expenditures, and
Changes in Fund Balances - General Fund**

Years Ended December 31, 2000 and 1999

	2000	1999
Revenues:		
Intergovernmental:		
Justice Parish		
Contract services	\$ 161,508	\$ 207,875
State of Louisiana:		
Fire Insurance Rebate	5,805	5,805
Miscellaneous:		
Interest income	1,328	1,080
Fund raising income, net	5,895	-
Miscellaneous income	<u>4,485</u>	<u>8,084</u>
Total revenues	<u>198,016</u>	<u>221,844</u>
Expenditures:		
Current:		
Public safety:		
Salaries, wages, and payroll taxes	98,623	104,010
Vehicle repairs and maintenance	10,444	10,423
Building repairs and supplies	5,043	6,508
Conventions and meetings	1,605	2,277
Firefighting training and supplies	5,579	5,684
Insurance	27,888	28,848
Office supplies	2,288	1,417
Professional fees	4,308	4,285
Radio maintenance	1,177	1,258
Telephones	1,838	2,355
Utilities	4,550	4,080
Miscellaneous	4,857	2,455
Capital outlay	32,110	3,660
Debt service:		
Principal	11,305	21,891
Interest	<u>1,928</u>	<u>2,824</u>
Total expenditures	<u>229,328</u>	<u>244,333</u>
Excess (deficiency) of revenues over expenditures	<u>(31,312)</u>	<u>(22,489)</u>
Other Financing Sources:		
Proceeds from issuance of long-term debt	<u>34,004</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>2,692</u>	<u>(22,489)</u>
Fund balance at beginning of year	<u>74,836</u>	<u>97,325</u>
Fund balance at end of year	<u>\$ 77,528</u>	<u>\$ 74,836</u>

See notes to financial statements.

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Notes to Financial Statements

1) Reporting Entity

The Grand Isle Volunteer Fire Company #1 (Fire Company) was incorporated on April 22, 1999 as a nonprofit service corporation in the Parish of Jefferson to suppress and control fires and other related hazards within Fire Protection District #9 of Jefferson Parish, which includes the areas of Grand Isle and Chalmette to the Parish Line. The Fire Company is comprised of a five member elected board of directors. The board of directors and membership have the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The report includes all funds of the Fire Company.

2) Summary of Significant Accounting Policies

The accounting and reporting policies of the Fire Company conform to generally accepted accounting principles as applicable to governments based on the legal premise that the Fire Company operates as a quasi-public corporation. A quasi-public corporation is one where the major source of its revenues are public funds.

The following is a summary of certain significant accounting policies:

- a) Financial reporting entity. This report includes all funds and account groups which are controlled by the Fire Company.
- b) Fund accounting. The accounts of the Fire Company are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in those individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the Fire Company:

Governmental Fund Types

General Fund. The general fund is the general operating fund of the Fire Company; it is used to account for all financial resources devoted to financing the general operations and services of the Fire Company. Intergovernmental revenues from Jefferson Parish for fire protection contract services and station maintenance, and other sources of revenues used to finance the fundamental operations of the Fire Company are included in this fund. The fund is charged with all costs of operating the Fire Company for which a separate fund has not been established.

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Notes to Financial Statements, Continued

General Fixed Assets - Fixed assets used in governmental fund operations (general fixed assets) are accounted for in the General Fixed Asset Group, rather than in governmental funds. No depreciation has been provided on general fixed assets.

General Long-Term Debt - This group of accounts is established to account for the unsecured general obligation indebtedness of the Fire Company expected to be financed from governmental funds.

- c) Basis of accounting - Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to timing of the measurement made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" as follows:

Contract revenues - The Fire Company entered into a contract with the Parish of Jefferson to provide fire protection services to the Fire Protection District No. 5, as discussed in Note 9. Contract revenues are recognized in the fiscal period to be benefited.

Interest income - Interest income on demand deposits and time deposits is recorded in the accounting period they become susceptible to accrual.

Substantially all other revenues are recorded when received.

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

- d) Receivables - All receivables are recorded at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible.
- e) Fixed Assets - All fixed assets are valued at historical cost, or, if donated, at the estimated fair value at the date donated. Expenditures incurred in connection with equipment and station maintenance are expensed. No interest has been capitalized during 2000 or 1999 and no depreciation has been provided on general fixed assets.

**GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA**

Notes to Financial Statements, Continued

- f) **Total columns on financial statements-overview.** Total columns on the financial statements-overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial condition or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.
- g) **Encumbrances.** Encumbrance accounting is not utilized by the Fire Company.
- h) **Budgetary data.** The Fire Company is not required to adopt a budget.
- o) **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 these estimates.

3) Cash and Investments

The Fire Company's by-laws require excess monies to be deposited in interest bearing accounts or certificates in financial institutions domiciled in Jefferson Parish.

At December 31, 2009, all Fire Company unsecured cash and invested cash are fully insured by the FDIC.

4) Changes in General Fixed Assets

A summary of changes in the general fixed assets account group follows:

	Balance December 31, 1999	2000 Additions	2000 Deletions	Balance December 31, 2000
Buildings	\$ 344,563	\$ -	\$ -	\$ 344,563
Firefighting equipment	730,054	32,100	19,090	743,073
Furniture and fixtures	15,273	-	-	15,273
Land	39,800	-	-	39,800
Totals	\$ 1,129,710	\$ 32,100	\$ 19,090	\$ 1,143,720

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Notes to Financial Statements, Continued

b) Loans and Long-Term Debt

- a) The following is a summary of long-term debt transactions for the year ended December 31, 2000:

	Payable at 12/31/99	Obligations Retired	New Issues	Payable at 12/31/00
<u>General Long-Term Debt</u>				
<u>Interest Unaccrued</u>				
Capital lease	\$ 3,611	\$ 3,611	\$ -	\$ -
Notes payable	-	7,484	24,824	17,330
Total General Long-Term Obligations Account Group	\$ 3,611	\$ 11,095	\$ 24,824	\$ 17,330

- b) Annual debt service requirements of principal to amortize the note payable outstanding at December 31, 2000 for the next three years are as follows:

Year ending December 31,	
2001	\$ 5,597
2002	5,198
2003	5,665
	\$ 17,330

c) Capital Lease

In June 1997, the Fire Company entered into an agreement to purchase radio equipment under a capital lease for \$30,084. The Fire Company paid \$1,967 as a down payment with the balance of \$28,117, plus interest due in thirty-four equal monthly installments beginning July 30, 1997. The Fire Company shares the radio equipment with Grand Isle Volunteer Emergency Services (GIVES). GIVES reimburses the Fire Company for 50% of the total payments. The amount to be received from GIVES totaling \$17,600 will be recorded on the books of the Fire Company as revenue when received.

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Notes to Financial Statements, Continued

6) Note Payable

In March 2000, the Fire Company executed a promissory note payable in the amount of \$27,824. The note, which is collateralized by a vehicle, is payable in 20 equal quarterly installments of principal and interest in the amount of \$1,743.

6) Operating Lease

The Fire Company entered into a fifty year lease commencing September 17, 1991 to September 17, 2041 with the Town of Grand Isle to lease a site for use as a fire station. The lease is made for and in consideration of \$1 per year, or \$50, which has been paid in full.

6) Fire Protection Contract and Economic Dependence

On September 29, 1994, the voters of Jefferson Parish Fire Protection District No. 9 approved a ten (10) mil tax effective January 1, 1994 for a period of ten years to operate and maintain fire protection services. During 1994, the voters of the district approved a renewal of the tax for an additional ten years. Jefferson Parish has contracted with the Fire Company to provide these services to the Fire Protection District No. 9 for a ten year period beginning January 23, 1995. This contract expired on January 23, 1995 and the Fire Company is currently negotiating a new contract with Jefferson Parish. The Fire Company is operating under the terms and conditions of the expired contract until a new contract is executed. The income from this contract accounts for a substantial portion of the Fire Company's revenues.

7) Risk Management

The Fire Company is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To manage these risks, the Fire Company has obtained coverage from commercial insurance companies. During 2000, there were no claims in excess of insurance coverage.

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

To the Board of Directors
Grand Isle Volunteer Fire Company #1
Grand Isle, Louisiana

We have audited the general purpose financial statements of the Grand Isle Volunteer Fire Company #1 as of and for the year ended December 31, 2000 and have issued our report thereon dated June 20, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Grand Isle Volunteer Fire Company #1's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of Grand Isle Fire Company #1 in a separate letter dated June 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grand Isle Volunteer Fire Company #1'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. 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 material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors and management of the Grand Isle Volunteer Fire Company #1, Jefferson Parish, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.

June 20, 2001

Bergeson & Lamont

GRAND ISLE VOLUNTEER FIRE COMPANY #1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2000

We have audited the financial statements of the Grand Isle Volunteer Fire Company #1 as of and for the year ended December 31, 2000, and have issued our report thereon dated June 20, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2000 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness Yes No

Reportable Conditions Yes No

Compliance:

Compliance Material to Financial Statements Yes No

b. Federal Awards - (Not applicable)

c. Identification of Major Programs - (Not applicable)

Section II Financial Statement Findings

There were none noted.

Section III Federal Award Findings and Questioned Costs

Not Applicable.

**GRAND ISLE VOLUNTEER FIRE COMPANY #1
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2000**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

There were none noted for the year ended December 31, 1999.

SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

Not applicable.

SECTION III MANAGEMENT LETTER

No management letter was issued for the year ended December 31, 1999.

MANAGEMENT LETTER

June 20, 2001

To the Board of Directors
Grand Isle Volunteer Fire Company #1
Grand Isle, Louisiana

In planning and performing our audit of the general purpose financial statements of the Grand Isle Volunteer Fire Company #1 for the year ended December 31, 2000, we considered the Fire Company's internal control and compliance to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control or compliance. As a result of our audit, we would like to communicate the following comment for the Fire Company's consideration.

Payroll Reporting

As a part of our auditing procedures over payroll expenditures, we recomputed amounts reported on quarterly payroll tax reports submitted to the Internal Revenue Service and reconciled these reports to the amounts recorded on the general ledger. We noted the following:

- Christmas bonuses totaling \$400 were not reported as gross wages on the employees' forms W-2 or on the Company's quarterly payroll tax report (Form 941) filed with the Internal Revenue Service.
- The amount reported on line 13 of the quarterly payroll tax reports, net taxes, does not agree to the amount reported on line 17, monthly summary of federal tax liability. The instructions to the form state that these two amounts should agree.
- Social security and medicare taxes were calculated incorrectly on the reports for the quarters ended September 30, 2000 and December 31, 2000. The amounts reported are approximately one-half of the total tax liability.
- The total wages reported on the quarterly payroll tax returns did not agree to the total wages reported on the employees' W-2 forms.

We recommend the Fire Company personnel responsible for preparing the payroll tax reports review the instructions to the forms to insure that the proper amounts are reported. The Fire Company should also prepare and file amended payroll tax reports as necessary.

We have issued a separate report dated June 20, 2001, on the Company's internal control and compliance. This letter does not affect our report dated June 20, 2001, on the general purpose financial statements. We have already discussed this comment and suggestion with management, and we will be pleased to discuss it in further detail if your convenience. We would like to express our appreciation for the courtesy and assistance extended to us during our audit.

Sincerely,



BERGERON & LAHAIE

GRAND ISLE VOLUNTEER FIRE COMPANY #1
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2000

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

No findings were reported which require a response from management.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL
AWARDS**

Not applicable.

SECTION III MANAGEMENT LETTER

We agree with our auditors and will implement the procedures they have recommended to insure that payroll tax liabilities are properly reported to the Internal Revenue Service.