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BRIDGE CITY VOLUNTEER FIRE CO. #1
BRIDGE CITY, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 1999

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 JUL 26 2000

T A B L E O F C O N T E N T S

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	4
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	5
NOTES TO FINANCIAL STATEMENTS	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	10

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors of
Bridge City Volunteer Fire Co. #1
Bridge City, Louisiana

We have audited the accompanying general purpose financial statements of Bridge City Volunteer Fire Co. #1, Bridge City, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of the Volunteer Fire Co.'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 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Bridge City Volunteer Fire Co. #1 at December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2000 on our consideration of Bridge City Volunteer Fire Co. #1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is listed in the accompanying Table of Contents and is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Uzee, Butler, Arceneux & Bowes

Harvey, Louisiana
June 8, 2000

BRIDGE CITY VOLUNTEER FIRE CO. #1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 1999

	Governmental <u>Fund Type</u> <u>General</u>	Account <u>Group</u> <u>General</u> <u>Fixed Assets</u>	Total (Memorandum Only)
ASSETS			
Cash	\$163,598	\$ -0-	\$163,598
Security deposit on insurance policy	1,529	-0-	1,529
Fixed assets	<u>-0-</u>	<u>556,568</u>	<u>556,568</u>
Total assets	<u>\$165,127</u>	<u>\$556,568</u>	<u>\$721,695</u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable	\$ 4,261	\$ -0-	\$ 4,261
Withheld and accrued payroll taxes	1,754	-0-	1,754
Accrued salaries	5,617	-0-	5,617
Compensated absences payable	<u>1,934</u>	<u>-0-</u>	<u>1,934</u>
Total liabilities	<u>13,566</u>	<u>-0-</u>	<u>13,566</u>
Equity and other credits:			
Investment in general fixed assets	-0-	556,568	556,568
Fund balance:			
Reserved for security deposit	1,529	-0-	1,529
Unreserved - undesignated	<u>150,032</u>	<u>-0-</u>	<u>150,032</u>
Total fund balance	<u>151,561</u>	<u>-0-</u>	<u>151,561</u>
Total equity and other credits	<u>151,561</u>	<u>556,568</u>	<u>708,129</u>
Total liabilities, equity and other credits	<u>\$165,127</u>	<u>\$556,568</u>	<u>\$721,695</u>

The accompanying notes are an integral part of this statement.

BRIDGE CITY VOLUNTEER FIRE CO. #1
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year ended December 31, 1999

Revenues:

Intergovernmental:

From Jefferson Parish:		
Contractual services	\$396,897	
Subsidies for operation and maintenance	13,000	
State supplemental pay	<u>20,700</u>	\$430,597
Charges for services		935
Interest income		3,285
Donations		700
Miscellaneous		<u>723</u>
Total revenues		436,240

Expenditures:

Current operating:

Salaries, including state supplemental pay of \$20,700	229,500	
Auto and truck expense	2,843	
Conventions, conferences and meetings	4,914	
Dues and subscriptions	1,059	
Fuel	2,543	
Hurricane expense	717	
Insurance - general	10,790	
Insurance - group hospitalization, dental, disability and life	42,283	
Insurance - worker's compensation	14,806	
Medical	671	
Membership activities	9,999	
Miscellaneous	1,456	
Office expense	7,417	
Payroll taxes	17,866	
Pension contributions	4,576	
Professional services	3,510	
Public education	4,142	
Repairs and maintenance	33,660	
Supplies	4,314	
Training	5,899	
Uniforms	4,318	
Utilities and telephone	9,050	
Capital outlay - purchases of equipment	<u>15,182</u>	
Total expenditures		<u>431,515</u>

Excess of revenues over expenditures	4,725
Fund balance at beginning of year	<u>146,836</u>
Fund balance at end of year	<u>\$151,561</u>

The accompanying notes are an integral part of this statement.

BRIDGE CITY VOLUNTEER FIRE CO. #1

NOTES TO FINANCIAL STATEMENTS
December 31, 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bridge City Volunteer Fire Co. #1 (the Fire Company) was incorporated under the laws of the State of Louisiana on March 15, 1949 to provide fire protection in Jefferson Parish, Louisiana in an area comprising part of Fire Protection District No. 7 of Jefferson Parish.

Because the Fire Company receives the vast majority of its financial support from the Parish of Jefferson to provide a public service, it is considered a quasi-public entity for financial reporting purposes. Accordingly, the accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies applied in the preparation of the accompanying general purpose financial statements are described as follows:

- A. Financial Reporting Entity. The accompanying general purpose financial statements include all funds and account groups which are controlled by the Fire Company. Control is based on application of the criteria established by the GASB for determining the reporting entity. The basic criteria, but not the only, is the ability to exercise oversight responsibility. Oversight responsibility is derived from, among other things, the ability to significantly influence operations. Based on the foregoing criteria, there are no component units which have been combined with the Fire Company to form the reporting entity, nor are there any potential component units which should be combined with the Fire Company to form the reporting entity.
- B. Fund Accounting. For financial reporting the accounts of the Fire Company are organized on a fund and account group basis, each of which is considered a separate accounting entity, with a separate set of self-balancing accounts which comprise the assets, liabilities, fund equity, revenues and expenditures. The Fire Company has only one fund, the General Fund, which is used to account for all of its financial resources.

BRIDGE CITY VOLUNTEER FIRE CO. #1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1999

- C. Basis of accounting. The Fire Company's accounting records for its General Fund are maintained on the cash basis of accounting. For financial reporting in accordance with generally accepted accounting principles, the accounting records are converted to the modified accrual basis under which revenues and expenditures are recognized as follows.

Revenues. The Fire Company has a contractual agreement with the Parish of Jefferson under which the Fire Company is to provide fire protection and related services in a specifically designated area of Fire Protection District No.7. The agreement provides that the Fire Company is to receive from the Parish a sum of money in monthly installments which will represent one-fifth of the net proceeds of the property tax levied annually by Fire Protection District No. 7. The Fire Company also receives from the Parish one-fifth of the 2% fire insurance premium tax which the Parish receives from the State of Louisiana for Fire Protection District No. 7. The proceeds of the property tax (\$388,800) and the 2% fire insurance premium tax (\$8,097) are reported as intergovernmental revenue from contractual services in the accompanying statement of revenues and expenditures. Revenues from contractual services and subsidies are reported as revenues of the period for which received. All other revenues are reported in the period in which received.

Expenditures. Expenditures are recognized when the related liability is incurred.

- D. On-behalf Payments. Firemen supplemental pay which is paid directly to employees of the Fire Company by the State of Louisiana, Department of Public Safety, are recognized as intergovernmental revenue and salaries expenditure in the year in which paid.
- E. Budget. The Fire Company is not legally required to adopt a budget and a budget was not adopted; therefore, a comparison of actual results with a budget is not presented in the accompanying financial statements.

BRIDGE CITY VOLUNTEER FIRE CO. #1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1999

- F. Fixed Assets. Fixed assets are recorded as expenditures (capital outlay) in the General Fund when purchased and are accounted for in the General Fixed Assets Account Group. Purchased fixed assets acquired prior to 1974 are stated at their estimated historical cost of \$ 9,200 as determined by management because historical records do not exist. Purchased fixed assets acquired subsequent to 1973 are stated at historical cost. Land on which the fire station is located is stated at \$28,000 which was its estimated fair value on the date it was donated to the Fire Company. Assets in the General Fixed Assets Account Group are not depreciated.
- G. Compensated Absences. Accumulated annual (vacation) leave is reported in the General Fund because it is expected to be liquidated with expendable available financial resources. An expenditure or liability has not been recorded for accumulated sick leave because it is nonvested.
- H. Total Column on Combined Balance Sheet. The total column on the combined balance sheet is captioned "memorandum only" to indicate that this information is presented only to facilitate financial analysis. Data in the total column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH

At December 31, 1999, the carrying amount of the Fire Company's bank deposits was \$163,598 and the bank balances were \$168,304. All of the Fire Company's bank deposits are in one local bank, \$100,000 of which was covered by federal depository insurance and the balance was collateralized by a pledge of securities held by a third party bank.

BRIDGE CITY VOLUNTEER FIRE CO. #1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1999

3. CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the year ended December 31, 1999.

	<u>Balance</u> <u>January 1</u>	<u>Add-</u> <u>itions</u>	<u>Deduct-</u> <u>ions</u>	<u>Balance</u> <u>December 31</u>
Land	\$ 28,000	\$ -0-	\$ -0-	\$ 28,000
Buildings and improvements	172,221	-0-	-0-	172,221
Equipment	<u>348,728</u>	<u>15,182</u>	<u>7,563</u>	<u>356,347</u>
	<u>\$548,949</u>	<u>\$ 15,182</u>	<u>\$ 7,563</u>	<u>\$556,568</u>

4. CONTRIBUTED SERVICES

A significant contribution of time is made by unpaid volunteers to accomplish the purpose for which the Fire Company was established. The value of this contributed time is not included in the accompanying financial statements because it is not susceptible to objective measurement or evaluation.

5. RETIREMENT PLAN

In April 1997, the Fire Company adopted a SIMPLE IRA Retirement Plan for its employees. The plan is a defined contribution salary reduction plan. Under the Plan, the Fire Company matches the employees' salary contributions to the plan up to a limit of 3% of the employees' compensation for the year. The maximum annual contribution by the employee for 1999 was \$6,000. For 1999 the employees' total contributions were \$6,515 and the Fire Company's contributions were \$4,546.

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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 Board of Directors of
Bridge City Volunteer Fire Co. #1
Bridge City, Louisiana

We have audited the general purpose financial statements of Bridge City Volunteer Fire Co. #1 as of and for the year ended December 31, 1999, and have issued our report thereon dated June 8, 2000. 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 Bridge City Volunteer Fire Co. #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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bridge City Volunteer Fire Co. #1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 judgement, could adversely affect Bridge City Volunteer Fire Co. #1's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statement. The reportable condition is described in the following paragraph.

UZEE, BUTLER, ARCENEUX & BOWES

Because of the small size of Bridge City Volunteer Fire Co. # 1 and its limited number of personnel it is not feasible to have adequate segregation of duties. One employee writes checks, records cash receipts and cash disbursements, makes the bank deposits and reconciles the bank accounts.

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 general purpose 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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the preceding paragraph is a material weakness.

This report is intended solely for the information and use of the Board of Directors, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be, used by anyone other than the specified parties.

Uzee, Butler, Arceneux & Bowes

Harvey, Louisiana
June 8, 2000