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INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDING

DECEMBER 31, 1999

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NINE MILE POINT VOLUNTEER FIRE COMPANY
1024 OAK AVENUE
NINE MILE POINT, LA 70094

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

Release Date 8-2-00

JIM MARTIN
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NINE MILE POINT VOLUNTEER FIRE CO.

Financial Statements

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT.....	1
COMBINED FINANCIAL STATEMENTS	
Balance Sheet - Modified Cash Basis.....	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis.....	3
Notes to Financial Statements.....	5
INTERNAL CONTROL AND COMPLIANCE REPORT	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	9
MANAGEMENT LETTER.....	10
CORRECTIVE ACTION PLAN	11



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INDEPENDENT AUDITOR'S REPORT

To the Directors:
Nine Mile Point Volunteer Fire Company

I have audited the accompanying general purpose financial statements of **Nine Mile Point Volunteer Fire Co.** as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of **Nine Mile Point Volunteer Fire Co.'s** management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I 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 general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1B, **Nine Mile Point Volunteer Fire Co.**, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Nine Mile Point Volunteer Fire Co.**, as of December 31, 1999, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1B.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2000, on my consideration of **Nine Mile Point Volunteer Fire Co.'s** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.


JIM MARTIN, CPA, MST

Marrero, Louisiana
June 26, 2000



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NINE MILE POINT VOLUNTEER FIRE CO.
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
MODIFIED CASH BASIS

DECEMBER 31, 1999

	GOVERNMENTAL FUND TYPE	ACCOUNT GROUP	TOTAL
	General	General	(MEMO
	Fund	Fixed Assets	ONLY)
ASSETS			
Cash - Operating Account (Note 2)	\$ 40,710	\$	\$ 40,710
Cash - Payroll Account (Note 2)	2,547		2,547
Cash - Private Account (Note 2)	11,635		11,635
Cash - Petty Fund (Note 2)	836		836
Cash - Ice Account (Note 2)	12		12
Cash - CD Bank One (Note 2)	80,000		80,000
A/R - Employees	14		14
Refundable Deposits (Note 5)	150		150
Prepaid Taxes	103		103
Vehicles (Note 4)		31,624	31,624
Fire Truck #796 (Note 4)		32,437	32,437
Rescue Truck (Note 4)		208,302	208,302
Buildings - Station 78 (Note 4)		481,787	481,787
Buildings - Station 79 (Note 4)		155,145	155,145
Buildings - New Station (Note 4)		366	366
Equipment - Station 78 (Note 4)		173,751	173,751
Equipment - Station 79 (Note 4)		35,073	35,073
Real Estate (Note 4)		25,000	25,000
TOTAL ASSETS	\$ 136,007	\$ 1,143,485	\$ 1,279,492
LIABILITIES			
FWH & FICA Payable	102		102
State W/H Payable	1,393		1,393
FUTA Payable	572		572
SUTA Payable	40		40
IRA Payable	250		250
TOTAL LIABILITIES	\$ 2,357	\$ 0	\$ 2,357
Investment in Fixed Assets		\$ 1,143,485	\$ 1,143,485
General Operating Fund	\$ 133,650		\$ 133,650
TOTAL LIABILITIES & FUND BALANCES	\$ 136,007	\$ 1,143,485	\$ 1,279,492

The accompanying notes are an integral part of this statement

**NINE MILE POINT VOLUNTEER FIRE CO.
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 MODIFIED CASH BASIS**

FOR THE YEAR ENDED DECEMBER 31, 1999

REVENUES

Jefferson Parish - Contract	(Note 7)	\$ 388,800	67.1
Jefferson Parish - Monthly Subsidy	(Note 7)	18,000	3.1
Jefferson Parish - Quarterly Subsidy	(Note 7)	8,000	1.4
Interest	(Note 2)	5,273	0.9
Other Income	(Note 8)	159,472	27.5
TOTAL REVENUES		\$ 579,545	100.0

EXPENDITURES

Advertising	499	0.1
Bank Charges	204	0.0
Community Relations	649	0.1
Contributions	35	0.0
Conventions/Seminars	2,569	0.4
Dues & Subscriptions	1,469	0.3
Employee Benefit Plans	6,374	1.1
Food Service	824	0.1
First Aid Training & Supp	525	0.1
Fire Fighting Gear	6,235	1.1
Fuel & Oil	1,954	0.3
Insurance - Casualty	31,410	5.4
Insurance - Health Plan	46,755	8.1
Janitorial	2,095	0.4
Legal & Professional	4,168	0.7
Maintenance - Station	28,745	5.0
Maintenance - Vehicles	2,961	0.5
Medical	23	0.0
Morale	93	0.0
Office Supplies	9,612	1.7
Official Functions	3,403	0.6
Payroll Taxes	15,259	2.6
Repairs - Communication Equipment	1,239	0.2
Repairs - Vehicles	3,027	0.5
Security	365	0.1
Taxes & Licenses	60	0.0
Telephone	1,989	0.3

The accompanying notes are an integral part of this statement

**NINE MILE POINT VOLUNTEER FIRE CO.
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 MODIFIED CASH BASIS**

FOR THE YEAR ENDED DECEMBER 31, 1999

Training & Educational	1,140	0.2
Uniforms	2,695	0.5
Utilities	12,601	2.2
Wages	230,864	39.8
TOTAL OPERATING EXPENDITURES	419,841	72.4
EXCESS REVENUE OVER/(UNDER) EXPENDITURES	159,704	27.6
INCREASE IN FIXED ASSETS	(219,416)	
FUND BALANCE, BEGINNING OF YEAR	\$ 193,362	
FUND BALANCE, END OF YEAR	\$ 133,650	

The accompanying notes are an integral part of this statement

Nine Mile Point Volunteer Fire Co.

Notes to Financial Statements

December 31, 1999

1. Summary of Significant Accounting Policies:

A. Statement of Presentation

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Nine Mile Point Volunteer Fire Co. maintains two stations. One is located at 1024 Oak Avenue (Station 78) and the other at 900 Patton Lane (Station 79). Accounting records are maintained at the Oak Avenue address.

B. Reporting Entity

Nine Mile Point Volunteer Fire Co. receives its funding from Jefferson Parish in the form of ad valorem taxes, monthly sales tax subsidies, and quarterly subsidies. Though it receives funding from the Parish, Nine Mile Point Volunteer Fire Co. is a separate entity, responsible for its own expenses and reporting.

C. Basis of Accounting

Nine Mile Point Volunteer Fire Co. maintains its records on a modified cash basis of accounting, which is a basis of accounting other than GAAP. Revenues are recognized when received and expenses with the exception of payroll tax liabilities are recorded when checks are written. Payroll tax liabilities are recorded when payroll checks are issued. Nine Mile Point Volunteer Fire Co. further uses a spending focus, meaning that they primarily account for the receipt and disbursement of resources. Based on the spending focus and the basis of accounting, GASB Statement No. 9 was not used and, therefore, alleviates the need for a cash flow statement being presented.

D. Budgets and Budgetary Accounting

The local Government Budget Act (LSA-RS 39:1301-1316) is primary guidance (and legal requirement) for local governmental units.

E. *The board uses a fund (General Fund) and an account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.*

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The General Fund of the board is classified as a governmental fund. The General Fund accounts for the board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The General Fund is the general operating fund of the board and accounts for all financial resources, except those required to be accounted for in other funds.

2. Cash:

Cash consists of the amounts in non-interest-bearing demand deposits and interest-bearing accounts. Three certificates of deposit are held in an interest bearing account and the interest is received monthly.

3. Income Tax Status:

Nine Mile Point Volunteer Fire Co. is a publically supported not-for-profit organization and is generally exempt from Federal income tax under Section 501(c)(4) of the Internal Revenue Code. Contributions are tax deductible under Section 501(c)(3) of the Code.

4. Fixed Assets and General Long-Term Obligations:

Fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost where available. Additionally, there are some assets in possession of the department that are not listed in the Fixed Asset Account Group. A brief discussion of each of these items follows below.

- **1981 Grumman**
This fire truck which is owned by Jefferson Parish was provided to the department for fire protection. The historical value of this truck is \$105,579.
- **Lot on Tiffany Court**
This lot is owned by the department and once house another living unit beside Station 79. The lot is now currently empty and has a current estimated value of \$15,000.
- **1999 Spartan**
This fire truck was delivered to the department in December, 1999. It is currently being purchased in a Lease-Purchase arrangement with Banc One Leasing Corporation. The amount financed was \$174,648, with annual payments due in each of the next ten years, with the first payment being April 1, 2000.

A summary of property and equipment, along with their corresponding changes, owned by the Nine Mile Point Volunteer Fire Co. is presented below:

	Balance			Balance
	Dec. 31, 1998	Additions	Deletions	Dec. 31, 1999
Vehicles	\$31,624	\$0	\$0	\$31,624
Fire Truck #796	32,437	0	0	32,437
Rescue Truck	0	208,302	0	208,302
Buildings - Station 78	470,814	10,973	0	481,787
Buildings - Station 79	155,004	141	0	155,145
Buildings - New Station	366	0	0	366
Equipment - Station 78	173,751	0	0	173,751
Equipment - Station 79	35,073	0	0	35,073
Real Estate (Lot on Oak Ave)	25,000	0	0	25,000
Totals	<u>\$924,069</u>	<u>\$219,416</u>	<u>\$0</u>	<u>\$1,143,485</u>

5. Deposits:

The \$150 represents utility deposits paid to maintain residences at Oak Avenue and Tiffany Court.

6. Pension Plan

Nine Mile Point Volunteer Fire Company #1 began using a pension plan in 1999 which is available to all paid employees of the fire department. The department matches the employee contribution up to 3% of their adjusted gross annual salary, plus an additional one-time bonus of \$200.00 for each employee that takes part in the plan. The total amount of possible employee contribution in any one year is \$6,000.

7. Contracts

Nine Mile Point Volunteer Fire Company is one of the seven service companies contracted by Jefferson Parish, Louisiana, to provide the Seventh District of Jefferson Parish with fire protection. The original contract was dated September 3, 1980, and covered a ten year period. The contract was extended to coincide with the millage election of 1993, which expired in December of 1993.

The new contract became effective January 1994, and will run concurrent with the millage for 10 years. Funds provided by Jefferson Parish for the 1999 year are as follows:

	Monthly	Quarterly	Total
Ad Valorem			
Jan-Dec 1999	32,400		388,800
Parish Sales Tax	1,500		19,500
Parish Contribution		2,000	8,000
Fire Insurance Rebate	<u>8,097</u>	<u> </u>	<u>8,097</u>
	<u>41,997</u>	<u>2,000</u>	<u>424,397</u>

8. Other Income:

Other Income is comprised of membership dues, rental income, and insurance proceeds. Below is a detailed listing of other income as presented in the Statement of Revenues and Expenditures - Modified Cash Basis.

<u>Other Income</u>	<u>Amount</u>
Rental Income	\$ 1,200
Insurance Refund	8,097
Membership Dues	175
State Funds for New Fire Truck	<u>150,000</u>
Total Other Income	<u>\$159,472</u>

9. Audits:

Audits of quasi-governmental entities are under the provisions of LSA-RS 24:513 which states that any local auditee that receives \$350,000 or more in revenues and other sources in any one fiscal year, but less than \$3,500,000 shall be audited once every two years, said audit to include the transactions of both years. Such audits shall be completed within six months of the close of the entity's fiscal year. Nine Mile Point Volunteer Fire Company is in compliance with this audit requirement for the 1999 calendar year.



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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 the Directors:
Nine Mile Point Volunteer Fire Company

I have audited the general purpose financial statements of **Nine Mile Point Volunteer Fire Co.**, as of and for the year ended December 31, 1999, and have issued my report thereon dated June 26, 2000. I conducted my 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 **Nine Mile Point Volunteer Fire Co.'s** general purpose financial statements are free of material misstatement, I performed tests of its compliance 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered **Nine Mile Point Volunteer Fire Co.'s** internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration on 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted matters involving the internal control over financial reporting that I have reported to management of **Nine Mile Point Volunteer Fire Co.** in a separate letter dated June 26, 2000.

This report is intended for the information of the audit committee, management, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

JIM MARTIN, CPA, MST

Marrero, Louisiana
June 26, 2000



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MANAGEMENT LETTER

To the directors:
Nine Mile Point Volunteer Fire Company

This letter is directed to the managing body of **Nine Mile Point Volunteer Fire Co.** and is intended to identify certain immaterial weaknesses found while conducting this audit.

1. Purchase Orders and Requisitions

Nine Mile Point Volunteer Fire Co. is required to follow the guidelines of their own Standard Operating Procedures regarding the use of purchase orders and purchase requisitions. These procedures require the fire department to obtain a purchase order for all purchases over \$25.00. For purchases over \$100.00 and less \$500.00, three telephone quotes are required and should be filed on a departmental requisition. For purchases over \$500.00 but less than \$2,000.00, three written quotes are required. Furthermore, purchases over \$2,000.00 require sealed bids and for those bids to be opened during monthly meetings. These procedures were not always followed as required throughout the audit period. On occasion, there were disbursements made that did not have a corresponding purchase order. Also, there were not any requisitions on file for all of the purchases that require either a telephone quote or written quote. These procedures need to be implemented and followed through with all purchases that require them.

2. Adequate Books and Records

Article 13 of the contract arrangement with Jefferson Parish states that the companies agree to maintain adequate books and records showing the disbursements of all public funds received.

- (A) Invoice documentation was not available on some disbursements. All disbursements should be supported with the appropriate invoices, purchase orders, and requisitions.

3. Budgetary Process

Nine Mile Point Volunteer Fire Co. operates based on a budget presented annually to the membership. Although budgets are based on estimated revenues and expenditures, certain line item variances were rather large with no explanation for the large difference.

More attention needs to be given to the budgetary process and if necessary, periodically re-address certain line items. As a governmental, not-for-profit agency, the budget should be zero-based with all incoming funds being budgeted. Further, I would suggest that monthly financial statements be issued with budgets and variances on a regular basis.

JIM MARTIN, CPA, MST

Marrero, Louisiana
June 26, 2000





NINE MILE POINT VOLUNTEER FIRE CO. No. 1
1024 OAK AVENUE - NINE MILE POINT, LA., 70094
Phone: 504 / 349-5178

June 27, 2000


Daniel G. Kyle, PH.D., CPA, CFE
Office of the Legislative Auditor
State of Louisiana
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Sir:

In compliance with the Louisiana State Legislative Audit with relation to the 1999 audit of Nine Mile Point Volunteer Fire Co. #1, the following corrective actions have been taken regarding inconsistencies in this audit:

1. Purchase Orders and Requisitions - In replacing the Administrative Secretary in August of 1999 with a more experienced and sufficiently qualified person, this department has appropriately complied with the requirements of the Standard Operating Procedures regarding purchase orders/requisitions and invoices by since supplying adequate documentation of same.
2. Adequate Books and Records - Again, since the recent hiring of a replacement secretary, the books and records have been efficiently organized and recorded.
3. Budgetary Process - Since the last board meeting, the Board of Directors is in the process of revising the annual budget by making changes to optional categories and corrections to essential categories based on the expenditure of funds that is being documented monthly by the secretary.

Sincerely,


James H. Tuller,
President