

NINE MILE POINT VOLUNTEER FIRE CO.
Notes to Financial Statements
December 31, 1998

I. 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 government. 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 1124 Oak Avenue (Station 78) and the other at 808 Patton Lane (Station 79). Additionally, plans are in the works to provide for a third station on the corner of Lapack Blvd. and Nissin Blvd. Accounting records are maintained at the Oak Avenue address.

b. Basis of Accounting

Nine Mile Point Volunteer Fire Co. maintains its records on a modified cash basis of accounting. 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.

c. Budgets and Budgetary Accounting

The Local Government Budget Act (LSA-PB 1975-116) is primary guidance (and legal requirement) for local governmental units. Based on the provision, Nine Mile Point Volunteer Fire Co. did not adopt or use a budget for the 1998 calendar year.

d. 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

Procedures authorizing special pay and bonus pay should be more clearly defined. The manner in which the pay rates are computed seems to be unorthodox. When cross-referencing the rates with the time keeping it is difficult to follow on a pay-period by pay-period basis.

Time sheets reviewed did not allow a place for total hours worked. Since employees are being paid based on a rate, I think it is essential for the hours to be shown on the time sheet and cross-referenced back to the payroll journal by the pay date.

Payroll tax reports were not always filed on a timely basis. This did cause the Pico Company to incur some unnecessary late filing fees during the year.



JIM MARTIN, CPA
Marrero, Louisiana

June 28, 1997

In my consideration of the financial control structure, I noted that as a reportable condition the process of using purchase orders and purchase requisitions was not adequately followed. In my sample testing, I noted certain billings were overpaid due to clerical errors and likewise, certain liabilities were not timely paid. In reviewing the payroll system, control procedures were lacking. Of the time sheets sampled, most were not authorized by a supervisor nor were the hours totaled. Additionally, overtime authorization sheets were not signed. In certain cases, employees failed to sign their own time sheets.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Miss Mile Point Volunteer Fire Department in a separate letter dated June 25, 1997.

This report is intended for the information of the management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Jim Martin, CPA
Monroe, LA

June 25, 1997

NINE MILE POINT VOLUNTEER FIRE CO.

Financial Statements

December 31, 1998

TABLE OF CONTENTS

| | Page |
|--|-------|
| Independent Auditor's Report | 1 |
| Combined Balance Sheet - All Fund Types and Account Groups | 2 |
| Combined Statement of Revenue, Expenditures and Changes in Fund Balance | 3-4 |
| Notes to Financial Statements | 5-8 |
| Independent Auditor's Report on Compliance With Laws and Regulations Based on an Audit of Financial Statements | 9 |
| Independent Auditor's Report on the Internal Control Structure Based on an Audit of Financial Statements | 10-11 |
| Management Letter | 12-13 |



JIM MARTIN

CERTIFIED PUBLIC ACCOUNTANT

5612 LAFAYETTE BLVD., SUITE A
MONROE, LA 70501-0011
TELEPHONE (504) 784-0001
FAX (504) 784-0008

INDEPENDENT AUDITOR'S REPORT

To the Directors
Nine Mile Point Volunteer Fire Co.

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, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Nine Mile Point Volunteer Fire Co. 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. These standards require that I 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 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.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Nine Mile Point Volunteer Fire Co. as of December 31, 1996, and the results of its operations for the year then ended. My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole.

As discussed in Note 11 to the financial statements, Nine Mile Point Volunteer Fire Company is a defendant in a lawsuit alleging sexual harassment to a former employee. The ultimate outcome of the litigation cannot presently be determined. Accordingly, no provision for any liability that may result upon adjudication has been made in the accompanying financial statements.


JIM MARTIN, CPA
Monroe, Louisiana

June 25, 1997

NINE MILE POINT VOLUNTEER FIRE CO.
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT CATEGORIES
DECEMBER 31, 1998

| | <u>GOVERNMENTAL</u> <u>FUND TYPE</u> | <u>ACCOUNT</u> <u>GROUP</u> | <u>TOTAL</u> |
|---|---|--------------------------------------|--------------------------------|
| | <u>General</u> <u>Fund</u> | <u>General</u> <u>Fund Assets</u> | <u>(MTHS)</u> <u>(SHTS)</u> |
| ASSETS | | | |
| Cash - Operating Account | \$ 69,846 | \$ | \$ 69,846 |
| Cash - Payroll Account | 00 | | 00 |
| Cash - Private Account | 37,893 | | 37,893 |
| Cash - Petty Fund | 780 | | 780 |
| Cash - CD First National Bank | 15,000 | | 15,000 |
| Cash - CD Whitney National Bank | 30,838 | | 30,838 |
| A/R - Employees | 14 | | 14 |
| Receivable Deposits (Note 3) | 000 | | 000 |
| | | | |
| Vehicles | | 31,604 | 31,604 |
| Fire Truck #206 | | 30,457 | 30,457 |
| Buildings - Station 78 (Note 4) | | 489,800 | 489,800 |
| Buildings - Station 79 | | 153,000 | 153,000 |
| Buildings - New Station | | 366 | 366 |
| Equipment - Station 78 | | 178,770 | 178,770 |
| Equipment - Station 79 | | 39,815 | 39,815 |
| Real Estate | | 15,000 | 15,000 |
| | | | |
| TOTAL ASSETS | \$ 1,134,731 | \$ 914,998 | \$ 1,269,970 |
| | | | |
| LIABILITIES | | | |
| PP&A Payable | \$ (338) | | \$ (338) |
| State W-11 Payable | 2,900 | | 2,900 |
| RTTA Payable | 1,076 | | 1,076 |
| RTTA Payable | 388 | | 388 |
| | | | |
| TOTAL LIABILITIES | \$ 3,840 | \$ 0 | \$ 3,840 |
| | | | |
| Investment in Fixed Assets | | \$ 914,998 | \$ 914,998 |
| General Operating Fund | \$ 149,833 | | \$ 149,833 |
| | | | |
| TOTAL LIABILITIES & FUNDS BALANCES | \$ 1,134,731 | \$ 914,998 | \$ 1,269,970 |

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

FOR THE YEAR ENDED DECEMBER 31, 1996

| | | | |
|--------------------------------------|----------|-------------------|--------------|
| REVENUES | | | |
| Jefferson Parish - Contract | (Note 2) | \$ 326,700 | 89.3 |
| Jefferson Parish - Monthly Subsidy | | 26,700 | 6.9 |
| Jefferson Parish - Quarterly Subsidy | | 6,800 | 1.8 |
| Interest | (Note 2) | 1,893 | 0.5 |
| Insurance Subsidy | | 7,500 | 2.1 |
| Other Income | (Note 4) | 3,684 | 1.0 |
| TOTAL REVENUES | | \$ 369,677 | 100.0 |
| EXPENDITURES | | | |
| Advertising | | 576 | 0.1 |
| Bank Charges | | 112 | 0.0 |
| Cleaning Service | | -600 | |
| Contributions | | 100 | 0.0 |
| Conventions/Meetings | | 2,474 | 0.7 |
| Dues & Subscriptions | | 3,430 | 0.9 |
| Fuel Service | | 2,073 | 0.6 |
| First Aid Training & Support | | 207 | 0.1 |
| Fire Fighting Gear | | 7440 | 2.0 |
| Fuel & Oil | | 2,940 | 0.8 |
| Insurance Pay | | 31,257 | 8.1 |
| Insurance - Casualty | | 28,877 | 7.1 |
| Insurance - Health Plan | | 22,264 | 5.9 |
| Institutional Supplies | | 703 | 0.2 |
| Janitorial | | 440 | 0.1 |
| Legal & Professional | | 11,898 | 3.1 |
| Maintenance - Station | | 2,772 | 0.7 |
| Maintenance - Vehicles | | 9,281 | 2.5 |
| Medical | | 100 | 0.0 |
| Merch | (Note 5) | 488 | 0.1 |
| Office Supplies | | 2,070 | 0.6 |
| Payroll Taxes | | 17,840 | 4.8 |
| Repairs - Equipment | | 1,453 | 0.4 |
| Repairs - Station | | 12,858 | 3.5 |
| Repairs - Vehicles | | 4,000 | 1.0 |
| Rental Equipment | | 412 | 0.1 |
| Retirement Benefits | | 1760 | 0.5 |
| Security | | 380 | 0.1 |
| Taxes & Licenses | | 50 | 0.0 |
| Telephone | | 2,726 | 0.7 |
| Training & Educational | | 1,240 | 0.3 |
| Uniforms | | 1,361 | 0.4 |
| Utilities | | 32,280 | 8.7 |
| Wages | | 186,035 | 50.4 |
| TOTAL OPERATING EXPENDITURES | | \$363,871 | 98.5 |

The accompanying notes are an integral part of this statement

NINE MILE POINT VOLUNTEER FIRE CO.
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 1995

| | | |
|---|------------|-----|
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | 34,786 | 8.3 |
| INCREASE IN FUND ASSETS | 34,564 | |
| FUND BALANCE, BEGINNING OF YEAR | \$ 121,871 | |
| FUND BALANCE, END OF YEAR | \$ 156,435 | |

The accompanying notes are an integral part of this statement

8224

ORIGINAL FILE COPY
DO NOT SIGN OR
ALTER IN ANY MANNER
UNLESS YOU ARE
A MEMBER OF THE
FIRM OR FIRM

Independent Auditor's Report
For the year Ending
December 31, 1996

NINE MILE POINT
Volunteer Fire Company

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

Release Date: 12/10/96

STATE OF MISSISSIPPI
LEGISLATIVE AUDITOR

JIM MARTIN, CPA

3425 Lakeside Blvd., Suite 4
Meridian, MS 39075-4202

(601) 347-0887



JIM MARTIN

CERTIFIED PUBLIC ACCOUNTANT

3481 LAFAYETTE BLVD., SUITE A
MARRINGO, LA 70051-4107
TELEPHONE (504) 811-0070
FAX (504) 811-0066

**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL STRUCTURE BASED
SOLELY ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS**

To the Directors:
Nine Mile Point Volunteer Fire Co.

I have audited the general-purpose financial statements of Nine Mile Point Volunteer Fire Co. as of and for the year ended December 31, 1996, and have issued my report thereon dated June 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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.

The management of Nine Mile Point Volunteer Fire Co. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general-purpose financial statements of Nine Mile Point Volunteer Fire Co. for the year ended December 31, 1996, I obtained and understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion. I noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertion of management in the general-purpose financial statements.



JIM MARTIN

CERTIFIED PUBLIC ACCOUNTANT

5425 LAPAZO DRIVE, SUITE A
MARIETTA, GA 30066
TELEPHONE 770-420-0962
FAX 770-420-0968

MANAGEMENT LETTER

To the directors:
Nine Mile Point Volunteer Fire Co.

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

1. Adequate Books and Records

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

(a) Bank reconciliations were not completed for all of the bank accounts. Regular bank reconciliations were completed for the operations and payroll accounts, but not for any others. All accounts should have a monthly reconciliation.

2. Budgetary Process

Nine Mile Point Fire Company operates based on a budget presented annually to the membership. However, during the 1996 calendar year, a budget was not adopted nor used.

Attention needs to be given to the budgetary process. Further, I would suggest that monthly financial statements be issued with budgets and variances on a regular basis.

3. Payroll

(a) A number of employee time records were not being completed properly. More specifically, various records prepared had the following deficiencies: (1) no total hours worked; (2) no employee signature on the time sheet; (3) overtime sheets not completed; (4) overtime authorization sheets not signed; (5) dates for the work period were not filled in.

I do realize that the payroll was changed to a computerized system. However, I think more attention should be given to the actual recording of hours and proper authorization.



JIM MARTIN

CERTIFIED PUBLIC ACCOUNTANT

3411 LAPALCO BLVD., SUITE 4
BARRINGER, LA 70704-6102
TELEPHONE (504) 835-0100
FAX (504) 835-0100

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS MATERIAL TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

To the Directors:
Nine Mile Point Volunteer Fire Co.

I have audited the financial statements of Nine Mile Point Volunteer Fire Co. as of and for the year ended December 31, 1996, and have issued my report thereon dated June 25, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Governmental Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Nine Mile Point Volunteer Fire Co. is the responsibility of Nine Mile Point Volunteer Fire Company's management. As part of my obtaining reasonable assurance about whether the financial statements are free from material misstatement, I performed tests of the Nine Mile Point Volunteer Fire Company's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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 Governmental Auditing Standards.

I noted certain immaterial instances of noncompliance that I have reported to the management of Nine Mile Point Volunteer Fire Company in a separate letter dated June 25, 1997.

This report is intended for the information of the Directors and management of the Nine Mile Point Volunteer Fire Company. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


JIM MARTIN, CPA
MORNING, Louisiana

June 25, 1997

| | | | | |
|------------------------|--------|-------|-------|---------|
| Fire Insurance Refunds | | | 7,504 | 7,504 |
| | ----- | ----- | ----- | ----- |
| | 31,200 | 2,000 | 7,504 | 388,804 |
| | ***** | ***** | ***** | ***** |

8. Other Income

Other income is comprised of membership dues, rental income, insurance proceeds, and payroll tax refunds.

9. Morale

The morale account is composed of expenditures used for office installations, awards, and other items to enhance the morale of the membership.

10. Audits

Audits of quasi-governmental entities are under the provisions of LSA-RS 24:513 which states that any local authority that receives \$150,000 or more in revenues and other sources in any one fiscal year, but less than \$1,500,000, 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 1998 calendar year.

11. Subsequent Events

Nine Mile Point Volunteer Fire Co. received legal representation from Attorney Michael K. Fitzpatrick of Portchar, Haiskel, Johnson and Stapp, L.L.P. Mr. Fitzpatrick acted as written representation of the following situation: There is currently pending a lawsuit filed in the Twenty-Fourth Judicial District Court against the Nine Mile Point Volunteer Fire Co. by a former employee alleging sexual harassment against the assistant chief. At the present time, CHSNA, the insurer of Nine Mile Point, has retained Attorney Sheryl Stapp to represent Nine Mile Point in this lawsuit. An answer has been filed on behalf of Nine Mile Point, but no discovery has been conducted. Thus, it is not possible at this early stage of litigation to determine the likelihood of an unfavorable outcome or an estimate of the amount or range of potential loss.

| | | |
|--------------------|--------|--------|
| Dwellings | 48,377 | 48,704 |
| Utility Sheds | 15,000 | 8,000 |
| New Station (Date) | 966 | |

Property & Equipment

| | | |
|------------------|---------|--------|
| Station Contents | 131,190 | 5,623 |
| Equipment | 38,594 | 25,193 |
| Vehicles | 30,638 | 32,437 |

Real Estate:

| | |
|-------------------|--------|
| Lot on Oak Avenue | 25,000 |
|-------------------|--------|

There were no long term obligations at December 31, 1995.

5. Deposits:

The \$150.00 open rents utility deposits paid to maintain residences at Oak Avenue and Tiffany Court.

6. Pension Plan

There was no pension plan in effect during the 1995 calendar year.

7. Contracts

Miss Mile Point Volunteer Fire Company is one of 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 in order to 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 1995 year are as follows:

| | Monthly | Qtrly | Other | Total |
|---------------------|---------|-------|-------|---------|
| Ad Values | | | | |
| Jan-Dec 1994 | 29,700 | | | 356,480 |
| Parish Sales Tax | 1,500 | | | 18,000 |
| Parish Contribution | | 2,000 | | 8,000 |

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 fund 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.

3. Cash

Cash consists of the amounts in non-interest-bearing demand deposits and interest-bearing accounts. One certificate of deposit is held in an interest-bearing account and the interest is received monthly. A second certificate of deposit is non-interest bearing.

3. Income Tax Status

Nine Mile Point Volunteer Fire Co. is a publicly 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 fund 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. All other assets were reviewed at December 31, 1999 and are being carried at their fair market value. An inventory listing was prepared which includes all land, buildings, and equipment. No depreciation or amortization is recorded. Additionally, there are three fire trucks which are owned by the parish that are not carried on the books. They are valued as follows:

- (2) 1988 Gramman's \$105,279.00 each
- (1) 1988 Ford Rescue \$57,985.00

A summary of property and equipment owned by the Nine Mile Point Volunteer Fire Co. is presented below:

| | Station 78 | Station 79 |
|-------------------|------------|------------|
| Buildings: | | |
| Fire Station | 408,483 | 100,300 |