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GRAND ISLE VOLUNTEER FIRE COMPANY #1

General Purpose Financial Statements

Grand Isle, Louisiana

December 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 7-24-96

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GRAND ISLE VOLUNTEER FIRE COMPANY #1

Management Letter

December 31, 1995

833 LITTLE BAYOU BLACK
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HOUMA, LOUISIANA 70361-3695
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Bergeron & Company

----- CERTIFIED PUBLIC ACCOUNTANTS -----
A PROFESSIONAL CORPORATION

CLAUDE E. BERGERON, CPA
THOMAS J. LANAUX, CPA

June 12, 1996

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, 1995, we considered the Fire Company's internal control structure 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 structure. As a result of our audit, we would like to communicate the following comments for the Fire Company's consideration.

Bank Account Reconciliations

In reviewing the Fire Company's bank account reconciliations, we noted that the savings account and special checking account were reconciled to the general ledger by adjusting the account balances for the net activity in these accounts. The offsetting debit or credit was posted to retained earnings and the gross revenues and expenditures in these accounts were not recorded on Fire Company's books.

We recommend that Fire Company personnel responsible for reconciling bank accounts review proper reconciliation procedures to insure that the activity in these accounts is properly recorded in the general ledger. Also, all bank accounts should be reconciled to the general ledger monthly.

Grand Isle Volunteer Fire Company #1
June 12, 1996
Page 2

Capitalization Policy

In reviewing the Fire Company's capital expenditure accounts, we noted that the Fire Company's capitalization policy is not being consistently followed. Several items which were recorded as capital expenditures appeared to be in the nature of supplies or maintenance expenditures or were below the minimum dollar threshold for capitalization. We recommend that Fire Company review the capitalization policy with the personnel responsible for coding and recording transactions to insure that it is consistently applied.

We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience. We would like to express our appreciation for the courtesy and assistance extended to us during our audit.

Sincerely,

BERGERON & COMPANY

A handwritten signature in cursive script that reads "Thomas J. Lanoux".

Thomas J. Lanoux, CPA

TJL/msf

GRAND ISLE VOLUNTEER FIRE COMPANY #1

General Purpose Financial Statements

Grand Isle, Louisiana

December 31, 1995

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THOMAS J. LANAUX, CPA

INDEPENDENT AUDITOR'S 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, 1995, 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 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 Grand Isle Volunteer Fire Company #1 as of December 31, 1995, and the results of its operations and changes in its fund balance for the two years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 12, 1996 on our consideration of the internal control structure of the Grand Isle Volunteer Fire Company #1 and a report dated June 12, 1996 on its compliance with laws and regulations.

Bergeron & Company

June 12, 1996

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups

December 31, 1995

	Governmental Fund Type - <u>General</u>	Account Groups		Total (Memorandum Only)	
		<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>1995</u>	<u>1994</u>
ASSETS					
Cash and savings deposits	\$ 48,627	\$ -	\$ -	\$ 48,627	\$ 58,128
Certificates of deposit	19,977	-	-	19,977	19,502
Due from Jefferson Parish	-	-	-	-	13,000
Deposits	1,639	-	-	1,639	1,639
Buildings	-	342,977	-	342,977	342,977
Firefighting equipment	-	652,569	-	652,569	582,383
Furniture and fixtures	-	14,295	-	14,295	14,295
Land	-	39,800	-	39,800	39,800
Note receivable:					
Grand Isle Emergency Services, Inc.	14,602	-	-	14,602	26,602
Amount to be provided for retirement of general long-term debt	-	-	39,595	39,595	-
Total assets	\$ 84,845	\$ 1,049,641	\$ 39,595	\$ 1,174,081	\$ 1,098,326
LIABILITIES AND FUND EQUITY					
Liabilities:					
Capital lease payable	\$ -	\$ -	\$ 39,595	\$ 39,595	\$ -
Payroll taxes payable	1,561	-	-	1,561	1,664
Total liabilities	1,561	-	39,595	41,156	1,664
Fund equity:					
Investment in general fixed assets	-	1,049,641	-	1,049,641	979,455
Fund balance:					
Unreserved, undesignated	83,284	-	-	83,284	117,207
Total fund equity	83,284	1,049,641	-	1,132,925	1,096,662
Total liabilities and fund equity	\$ 84,845	\$ 1,049,641	\$ 39,595	\$ 1,174,081	\$ 1,098,326

See notes to financial statements.

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Statements of Revenues, Expenditures, and
Changes in Fund Balance - General Fund

Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Revenues:		
Intergovernmental:		
Jefferson Parish:		
Contract services	\$ 122,800	\$ 121,000
Station maintenance and subsidies	4,809	30,859
Town of Grand Isle	15,000	-
Miscellaneous:		
Interest income	2,275	1,993
Miscellaneous income	7,296	3,340
	<hr/>	<hr/>
Total revenues	152,180	157,192
Expenditures:		
Current:		
Public safety:		
Salaries, wages, and payroll taxes	66,291	53,898
Vehicle repairs and maintenance	9,502	12,437
Building upkeep and supplies	8,594	17,792
Conventions and meetings	3,704	2,712
Firefighting training and supplies	8,638	6,278
Insurance	33,094	33,156
Office supplies	815	145
Professional fees	5,550	4,800
Radio maintenance	2,895	2,563
Telephone	3,407	2,453
Utilities	6,470	6,204
Miscellaneous	3,445	3,825
Capital outlay	70,186	4,149
Debt service:		
Capital lease payments	12,192	-
	<hr/>	<hr/>
Total expenditures	234,783	150,412
Excess (deficiency) of revenues over expenditures	(82,603)	6,780
Other financing sources:		
Capital lease purchase	48,680	-
	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(33,923)	6,780
Fund balance at beginning of year	117,207	110,427
	<hr/>	<hr/>
Fund balance at end of year	\$ 83,284	\$ 117,207
	<hr/>	<hr/>

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 25, 1969 as a nonprofit service corporation in the Parish of Jefferson to supervise and control fires and other related hazards in Jefferson Parish, bounded by and including Grand Isle, Cheniere to the Parish Line. The Fire Company is comprised of a twelve member board of directors elected annually by the membership. 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 these 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 unmatured 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. 9, as discussed in Note 7. 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 1995 or 1994 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.

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, 1995, all Fire Company unsecured cash and invested cash are fully insured by the FDIC.

4) Note Receivable

The Fire Company advanced the Grand Isle Volunteer Emergency Services, Inc. (GIVESI) \$51,871 during 1992 under a non-interesting bearing demand note for the purchase of a new emergency unit and related costs. The note receivable balance was \$14,602 at December 31, 1995. It is the intent of GIVESI to repay the loan as quickly as possible.

GIVESI was formed by a volunteer firefighter and the group is composed mostly of volunteer firefighters.

5) Changes in General Fixed Assets

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

	Balance December 31, <u>1994</u>	1995 <u>Additions</u>	Balance December 31, <u>1995</u>
Buildings	\$ 342,977	\$ -	\$ 342,977
Firefighting equipment	582,383	70,186	652,569
Furniture and fixtures	14,295	-	14,295
Land	39,800	-	39,800
Totals	<u>\$ 979,455</u>	<u>\$ 70,186</u>	<u>\$ 1,049,641</u>

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Notes to Financial Statements, Continued

6) Leases and Long-Term Debt

In May 1995, the Fire Company entered into an agreement to purchase a pumper truck under a capital lease for \$68,680. The Fire Company paid \$20,000 as a down payment with the balance of \$48,680, plus interest due in five equal annual installments beginning December 1, 1995.

The following is a summary of long-term debt transactions for the year ended December 31, 1995:

Lease obligation payable at beginning of year	\$	-
Additions		48,680
Reductions		<u>(9,085)</u>
Lease obligations payable at end of year	\$	<u>39,595</u>

Future minimum lease payments for the next five years and in the aggregate are as follows:

<u>Year ending</u> <u>December 31,</u>		
1996	\$	12,192
1997		12,192
1998		12,192
1999		<u>12,192</u>
		48,768
Less imputed interest		<u>(9,173)</u>
	\$	<u>39,595</u>

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.

GRAND ISLE VOLUNTEER FIRE COMPANY #1
GRAND ISLE, LOUISIANA

Notes to Financial Statements, Continued

7) Fire Protection Contract and Economic Dependence

On September 29, 1984, the voters of Jefferson Parish Fire Protection District No. 9 approved a ten (10) mil tax effective January 1, 1984 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, 1985. 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.

8) 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 1995, there were no claims in excess of insurance coverage.

SUPPLEMENTARY FINANCIAL REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL
PURPOSE 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, 1995, and have issued our report thereon dated June 12, 1996.

We conducted our audit 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.

The management of the Fire Company 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 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 our audit of the general purpose financial statements of the Grand Isle Volunteer Fire Company #1, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure of its operation that we have reported to the management of the Fire Company in a separate management letter dated June 12, 1996.

This report is intended for the information of the Board of Directors, Members, and other regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Bergeron + Company

June 12, 1996.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
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 statements of Grand Isle Volunteer Fire Company #1 as of and for the year ended December 31, 1995, and have issued our report thereon dated June 12, 1996.

We conducted our audit 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.

Compliance with laws, regulations, contracts and grants applicable to Grand Isle Volunteer Fire Company #1 is the responsibility of the Fire Company's management. As part of obtaining reasonable assurance that the financial statements are free of material misstatement, we performed tests of the Fire Company's compliance with certain provisions of laws, regulations, and contracts. However, our objective was not to provide an opinion on overall compliance with such provisions. 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.

This report is intended for the information of the Board of Directors, Members and other regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

Bergeron & Company

June 12, 1996