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MARRERO-ESTELLE VOLUNTEER FIRE
COMPANY NO. 1
MARRERO, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2003

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 7-28-04

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors of
Harrero-Metairie Volunteer Fire Company No. 1
Harrero, Louisiana

We have audited the accompanying general purpose financial statements of Harrero-Metairie Volunteer Fire Company No. 1, Harrero, Louisiana, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Volunteer 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 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 Harrero-Metairie Volunteer Fire Company No. 1, as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2004, on our consideration of Harrero-Metairie Volunteer Fire Company No. 1's internal control over financial reporting and its compliance with laws, regulations, contracts and grants. That 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.

Lyee, Butler, Arceaux & Bowen
Harvey, Louisiana
June 24, 2004

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2003

	Governmental Fund Type	Proprietary Systems		Total Plantation Fund
		General Fund Account	General Long- Term Debt	
ASSETS AND OTHER DEBITS				
Cash, including \$214,448 in savings accounts and certificates of deposits	\$214,448	\$ -	\$ -	\$ 214,448
Receivables:				
Due from Jefferson Parish	74,450	-	-	74,450
Insurance claim	503	-	-	503
Accrued interest	514	-	-	514
Security deposits on insurance policy	4,380	-	-	4,380
Fixed assets	-	2,448,714	-	2,448,714
Amount to be provided for retirement of general long-term debt	-	-	228,554	228,554
Total assets and other debits	\$293,395	\$2,448,714	\$228,554	\$2,970,663
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 28,314	\$ -	\$ -	\$ 28,314
State withholding tax	1,885	-	-	1,885
Accrued liabilities:				
Wages and salaries	18,714	-	-	18,714
Compensated absences	19,504	-	-	19,504
Less payables	-	-	228,554	228,554
Total liabilities	\$68,417	\$ -	\$228,554	\$296,971
Equity and other credits:				
Investment in general fixed assets	-	2,448,714	-	2,448,714
Fund balance:				
Reserved for security deposit	4,380	-	-	4,380
Unreserved/undesignated	224,535	-	-	224,535
Total fund balance	\$228,915	\$ -	\$ -	\$228,915
Total equity and other credits	\$228,915	\$2,448,714	\$ -	\$2,677,629
Total liabilities, equity and other credits	\$297,332	\$2,448,714	\$228,554	\$2,974,600

The accompanying notes are an integral part of this statement.

WARRING-ESTELLE VOLUNTEER FIRE COMPANY NO. 1
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year ended December 31, 2009

Revenues:		
Intergovernmental:		
From Jefferson Parish:		
Contracted services	\$992,079	
Subsidy for operations	<u>14,920</u>	\$1,007,000
State supplemental pay (on-behalf payments)		39,138
Interest		3,740
Miscellaneous		<u>11,880</u>
Total revenues		1,121,787
Other financing sources:		
Sales of general fixed assets		<u>3,434</u>
Total revenues and other financing sources		1,125,221
Expenditures:		
Current operating:		
Salaries and related payroll taxes, including state supplemental pay of \$10,120	\$97,484	
Contract labor	6,000	
Contributions to retirement plan	18,979	
Fuel	6,999	
Insurance	120,403	
Medical	1,578	
Miscellaneous	42,274	
Office	3,485	
Professional fees	29,689	
Repairs, maintenance and supplies	64,151	
Utilities	39,200	
Uniforms	2,921	
Capital outlay:		
Building improvements	24,407	
Purchases of equipment	3,397	
Debt service:		
Principal retirement	83,919	
Interest charges	<u>14,811</u>	
Total expenditures		<u>1,109,950</u>
Excess of revenues and other financing sources over expenditures		15,271
Fund balance at beginning of year		<u>211,838</u>
Fund balance at end of year		<u>\$ 227,109</u>

The accompanying notes are an integral part of this statement.

HARRARO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS
December 31, 2003

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Harraro-Estelle Volunteer Fire Company No. 1 (the Fire Company) was created in 1984 under the non-profit corporation provisions of Louisiana Revised Statutes 12:202. The Fire Company contracts with the Parish of Jefferson, State of Louisiana to provide fire protection and related services to a portion of the 8th Fire Protection District of the Parish of Jefferson.

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. 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.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003

- 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 conformity 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 an 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. 8. The agreement provides that the Fire Company is to receive from the Parish a sum of money in monthly installments which will represent one-third of the net proceeds of the property tax levied annually by Fire Protection District No. 8. The Fire Company also receives from the Parish one-third of the 28 fire insurance premium tax which the Parish receives from the State of Louisiana for Fire Protection District No. 8. The proceeds of the property tax (\$290,000) and the 28 fire insurance premium tax (\$32,078) are reported as intergovernmental revenue from contractual services in the accompanying statement of revenues and expenditures. Intergovernmental revenues from Jefferson Parish are reported as revenues of the period for which received. Interest revenue is reported in the period in which earned. Miscellaneous revenues are reported in the period in which received.

Expenditures. Expenditures are recognized when the related liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due.

- D. On-behalf Payments. 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. For 2003 a budget was prepared on the cash basis for internal use but not in a format compatible to the financial statements; therefore comparison of actual results with a budget is not presented in the accompanying financial statements.

MARSHING-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2003

- 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 are stated at historical cost. Donated fixed assets are stated at their estimated fair market value on the date received. General fixed assets are not depreciated.
- G. Accumulated 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 accrued.
- 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, 2003, the carrying amount of the Fire Company's bank deposits was \$206,380 and the bank balances were \$211,432, all of which was covered by federal depository insurance.

3. FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the year ended December 31, 2003.

	Balance January 1,	Addi- tions	Subtractions	Balance December 31
Land	\$ 182,000	\$ -	\$ -	\$ 182,000
Buildings and Improvements	688,640	14,877	-	703,517
Equipment	1,318,312	24,201	71,324	1,271,189
	<u>\$3,188,952</u>	<u>\$ 39,078</u>	<u>\$ 71,324</u>	<u>\$3,156,706</u>

Additions include \$15,130 of equipment which was donated to the Fire Company.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 20034. RETIREMENT PLAN

In the year 2000, the Fire Company terminated its defined contribution (money purchase) pension plan and adopted a SIMPLE IRA Retirement Plan for its employees. Under the SIMPLE IRA 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 the year 2003 was \$8,000. For 2003, the employees' total contributions were \$27,866 and the Fire Company's matched contributions were \$15,577.

5. LOAN PAYABLE

Loan payable at December 31, 2003 consisted of an installment obligation with a balance of \$229,862, payable in four annual installments of \$63,667, including interest at 5.94% covering the "lease-purchase" of a fire truck with a cost of \$434,000.

Annual debt service requirements to maturity for the above obligation, including interest of \$29,158, are as follows:

Year ending December 31	
2004	\$ 63,667
2005	63,667
2006	63,668
2007	<u>62,558</u>
	\$ <u>253,560</u>

6. CHANGES IN LONG-TERM DEBT

During the year ended December 31, 2003, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance January 1	Add: Additions	Reduce: Payments	Balance December 31
Bank loan:				
To include fire retiree	\$ 24,150	\$ -0-	\$ 24,150	\$ -0-
Installment obligation	628,500	-0-	68,700	559,800
	<u>\$652,650</u>	<u>\$ -0-</u>	<u>\$ 92,850</u>	<u>\$559,800</u>

MARLBORO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2022

7. 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.

8. LITIGATION

The Fire Company is a defendant in a lawsuit filed by one of its employees. The employee claims that he is owed back pay for vacation and/or accrued sick leave for a period of up to three years. This case is being vigorously defended, however, legal counsel for the Fire Company is unable to estimate the Fire Company's chances of success.

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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
Harrero-Estelle Volunteer Fire Company No. 1
Harrero, Louisiana

We have audited the general purpose financial statements of Harrero-Estelle Volunteer Fire Company No. 1, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Harrero-Estelle Volunteer Fire Company No. 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 these 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 Harrero-Estelle Volunteer Fire Company No. 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. 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 do 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. 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 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.

Ulysses Butler, Louisiana Licensed

Harvey, Louisiana

June 28, 2003