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MARRERO-ESTELLE VOLUNTEER FIRE
COMPANY NO. 1
MARRERO, 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

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UZEE, BUTLER, ARCENEUX & BOWES

CERTIFIED PUBLIC ACCOUNTANTS
2067 PAXTON STREET
HARVEY, LOUISIANA 70058

(504) 347-0441
FAX (504) 347-0467

DOUGLAS L. UZEE, CPA
(1926 - 1988)
JAMES L. BUTLER, CPA
N. PAUL ARCENEUX, CPA
PATRICK J. BOWES, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To Board of Directors of
Marrero-Estelle Volunteer Fire Company No. 1
Marrero, Louisiana

We have audited the accompanying general purpose financial statements of Marrero-Estelle Volunteer Fire Company No. 1, Marrero, 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 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 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 Marrero-Estelle Volunteer Fire Company No. 1, as of 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 23, 2000, on our consideration of Marrero-Estelle 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.

Uzee, Butler, Arceneux & Bowes
Harvey, Louisiana
June 23, 2000

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

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

	Governmental	Account Groups		Total (Memorandum Only)
	Fund Type	General	General Long-	
	General	Fixed Assets	Term Debt	
ASSETS AND OTHER DEBITS				
Cash, including \$219,403 in savings accounts and certificates of deposit	\$257,138	\$ -0-	\$ -0-	\$ 257,138
Security deposit on insurance policy	2,108	-0-	-0-	2,108
Accrued interest receivable	341	-0-	-0-	341
Fixed assets	-0-	2,098,430	-0-	2,098,430
Amount to be provided for retirement of general long-term debt	-0-	-0-	286,768	286,768
Total assets and other debits	\$259,587	\$2,098,430	\$286,768	\$2,644,785
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$12,233	\$ -0-	\$ -0-	\$ 12,233
State withholding tax	1,643	-0-	-0-	1,643
Accrued liabilities:				
Pension plan contribution	16,873	-0-	-0-	16,873
Compensated absences	15,348	-0-	-0-	15,348
Notes payable	-0-	-0-	286,768	286,768
Total liabilities	46,097	-0-	286,768	332,865
Equity and other credits:				
Investment in general fixed assets	-0-	2,098,430	-0-	2,098,430
Fund balance:				
Reserved for security deposit	2,108	-0-	-0-	2,108
Unreserved:				
Designated	26,106	-0-	-0-	26,106
Undesignated	185,276	-0-	-0-	185,276
Total fund balance	213,490	-0-	-0-	213,490
Total equity and other credits	213,490	2,098,430	-0-	2,311,920
Total liabilities, equity and other credits	\$259,587	\$2,098,430	\$286,768	\$2,644,785

The accompanying notes are an integral part of this statement.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1
GENERAL FUND

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

Revenues:

Intergovernmental:

From Jefferson Parish:

Contractual services

\$877,548

Subsidies for maintenance and operations

39,000

\$ 916,548

State supplemental pay

36,000

Interest

6,466

Miscellaneous

33,609

Total revenues

992,623

Expenditures:

Current operating:

Salaries, including state supplemental
pay of \$36,000

415,097

Contract labor

5,797

Contribution to pension plan

16,873

Employee benefits

37,145

Fuel

3,466

Insurance

49,768

Miscellaneous

62,554

Office

3,423

Professional fees

6,850

Payroll taxes

32,759

Repairs, maintenance and supplies:

Equipment

16,457

Fire stations

19,132

Vehicles

23,944

Utilities

21,886

Uniforms

2,037

Capital outlay:

Fire station improvements

82,453

Purchases of equipment

70,592

Debt service:

Principal retirement

102,168

Interest charges

30,641

Total expenditures

1,003,042

Deficiency of revenues over expenditures

(10,419)

Fund balance at beginning of year

223,909

Fund balance at end of year

\$ 213,490

The accompanying notes are an integral part of this statement.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS
December 31, 1999

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marrero-Estelle Volunteer Fire Company No. 1 (the Fire Company) was created in 1951 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, 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 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 2% 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 (\$852,350) and the 2% fire insurance premium tax (\$25,198) are reported as intergovernmental revenue from contractual services in the accompanying statement of revenues and expenditures. Intergovernmental revenues 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.

- E. 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.
- D. Budget. The Fire Company is not legally required to adopt a budget. For 1999 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.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1999

- E. 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.
- F. 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.
- G. 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 \$256,988 and the bank balances were \$269,282, of which \$269,282 were 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, 1999.

	<u>Balance January 1</u>	<u>Add- itions</u>	<u>Reductions</u>	<u>Balance December 31</u>
Land	\$ 153,000	\$ -0-	\$ -0-	\$ 153,000
Buildings and improvements	765,242	82,453	-0-	847,695
Equipment and furniture	<u>1,034,978</u>	<u>70,592</u>	<u>7,835</u>	<u>1,097,735</u>
	<u>\$1,953,220</u>	<u>\$153,045</u>	<u>\$ 7,835</u>	<u>\$2,098,430</u>

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1999

4. PENSION PLAN

The Fire Company has a defined contribution (money purchase) pension plan for its employees to which it contributes an amount equal to 5% of the covered employees' salaries for the year. The employer's contribution for 1999 is \$16,873. Employees are not required to make any contribution. The plan is administered by an insurance company. An employee is covered by the plan once he or she reaches the age of 20, has 30 months of service, and works at least 1,000 hours a year. Once covered, an employee is fully vested. For 1999, the covered payroll was \$337,463 and the total current year payroll for all employees was \$389,737. There were no changes in the plan's provisions during the year.

5. NOTES PAYABLE

Notes payable at December 31, 1999 consist of the following:

Loan payable to a bank, payable in monthly installments of \$6,745, including interest at 8.85%, collateralized by a mortgage on land and building comprising the fire station at 2248 Baratavia Blvd., Marrero, La.	\$238,243
Final payment of an installment obligation due June 25, 2000, including interest at 6.89%, covering the "lease/purchase" of a fire truck with a cost of \$388,818.	<u>48,525</u>
	<u>\$286,768</u>

Annual debt service requirements to maturity for the above notes, including interest of \$42,824, are as follows:

<u>Year ending</u> <u>December 31</u>	<u>Bank</u> <u>loan</u>	<u>Installment</u> <u>obligation</u>	<u>Total</u>
2000	80,940	51,868	\$132,808
2001	80,940	-0-	80,940
2002	80,940	-0-	80,940
2003	34,904	-0-	34,904
	<u>\$277,724</u>	<u>\$ 51,868</u>	<u>\$329,592</u>

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1999

6. CHANGES IN LONG-TERM DEBT

During the year ended December 31, 1999, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance January 1</u>	<u>Add- itions</u>	<u>Reduc- tions</u>	<u>Balance December 31</u>
Bank loan:				
To build fire station	\$295,013	\$ -0-	\$ 56,770	\$238,243
Installment obligation	<u>93,923</u>	<u>-0-</u>	<u>45,398</u>	<u>48,525</u>
	<u>\$388,936</u>	<u>\$-0-</u>	<u>\$102,168</u>	<u>\$286,768</u>

7. DESIGNATED FUND BALANCE

Revenues received from membership dues, rentals, donations, sale of hats, T-shirts, and other items, and fund raising activities are deposited in the General Fund and credited to an account designated as the Training and Photo Fund. Expenditures for certain training, purchases of photo film, prints, hats, T-shirts and other items, and the cost of fund raising and some membership activities are charged to this account. The revenues and expenditures of the Training and Photo Fund are included in the amounts reported as miscellaneous revenues and miscellaneous expenditures in the accompanying financial statements. For 1999, the Training and Photo Fund had revenues of \$33,609 and expenditures of \$35,163. The amount reported as designated fund balance in the combined balance sheet represents the net cumulative excess of revenues over expenditures for the Training and Photo Fund as of December 31, 1999 as recorded on the books. The following is a summary of the changes in the designated fund balance for the year ended December 31, 1999:

Balance at beginning of year	\$27,660
Deficiency of revenues over expenditures for the year	<u>(1,554)</u>
Balance at end of year	<u>\$26,106</u>

8. 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.

MARRERO-ESTELLE VOLUNTEER FIRE COMPANY NO. 1

NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 1999

7. SUBSEQUENT EVENT

On January 26, 2000, the Fire Company executed a lease/purchase agreement to acquire a fire truck with a cost of \$423,477. The agreement requires the Fire Company to make seven (7) annual payments of \$63,667 beginning June 30, 2001, after a down payment of \$63,000 which was paid on January 27, 2000.

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HARVEY, LOUISIANA 70058

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

We have audited the general purpose financial statements of Marrero-Estelle Volunteer Fire Company No. 1, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 23, 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 Marrero-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 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 Marrero-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 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. 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.

Uzee, Butler, Arceneaux & Bowes

Harvey, Louisiana
June 23, 2000