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## INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDING

DECEMBER 31, 1998

**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 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 1 AUG 25 1999

**JIM MARTIN**

CERTIFIED PUBLIC ACCOUNTANT  
5421 LAPALCO BLVD., SUITE A  
MARRERO, LA 70072-4152

(504) 347-0067

# NINE MILE POINT VOLUNTEER FIRE CO.

## Financial Statements

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

DECEMBER 31, 1998

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL</u>
	General Fund	General Fixed Assets	(MEMO ONLY)
<b>ASSETS</b>			
Cash - Operating Account	\$ 55,872	\$	\$ 55,872
Cash - Payroll Account	84		84
Cash - Private Account	12,197		12,197
Cash - Petty Fund	730		730
Cash - Ice Account	12		12
Cash - CD Bank One	82,131		82,131
Cash - CD Hibernia National Bank	25,000		25,000
Cash - CD Whitney National Bank	19,439		19,439
A/R - Employees	14		14
A/R - IRS (Note 11)	2,713		
A/R - LA Dept. of Revenue (Note 12)	2,390		
Refundable Deposits (Note 5)	150		150
Prepaid Taxes	25		25
Vehicles		31,624	31,624
Fire Truck #796		32,437	32,437
Buildings - Station 78 (Note 4)		470,814	470,814
Buildings - Station 79		155,004	155,004
Buildings - New Station		366	366
Equipment - Station 78		173,751	173,751
Equipment - Station 79		35,073	35,073
Real Estate		25,000	25,000
<b>TOTAL ASSETS</b>	<b>\$ 200,755</b>	<b>\$ 924,069</b>	<b>\$ 1,124,824</b>
 <b>LIABILITIES</b>			
State W/H Payable	1,621		1,621
<b>TOTAL LIABILITIES</b>	<b>\$ 1,621</b>	<b>\$ 0</b>	<b>\$ 1,621</b>
Investment in Fixed Assets		\$ 924,069	\$ 924,069
General Operating Fund	\$ 199,134		\$ 199,134
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 200,755</b>	<b>\$ 924,069</b>	<b>\$ 1,124,824</b>

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, 1998**

**REVENUES**

Jefferson Parish - Contract	(Note 8)	\$	389,000	92.1
Jefferson Parish - Monthly Subsidy	(Note 8)		19,500	4.6
Jefferson Parish - Quarterly Subsidy	(Note 8)		8,000	1.9
Interest	(Note 2)		4,344	1.0
Other Income			1,350	0.3
<b>TOTAL REVENUES</b>		<b>\$</b>	<b>422,194</b>	<b>100.0</b>

**EXPENDITURES**

Advertising			50	0.0
Auto Travel & Entertainment			3	0.0
Bank Charges			226	0.1
Community Relations			622	0.1
Conventions/Seminars			1,186	0.3
Dues & Subscriptions			1,237	0.3
Food Service			2,209	0.5
Fire Fighting Gear			8420	2.0
Fuel & Oil			1,833	0.4
Insurance - Casualty			33,289	7.9
Insurance - Health Plan			30,665	7.3
Institutional Supplies			372	0.1
Janitorial			1,446	0.3
Legal & Professional			6,839	1.6
Maintenance - Station			1,383	0.3
Maintenance - Vehicles			14,367	3.4
Medical			829	0.2
Office Supplies			3,491	0.8
Official Functions			2,511	0.6
Payroll Taxes			18,993	4.5
Repairs - Equipment			1,412	0.3
Repairs - Station			5,045	1.2
Repairs - Vehicles			9,043	2.1
Security			315	0.1
Taxes & Licenses			60	0.0
Telephone			588	0.1

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, 1998**

Training & Educational	1,844	0.4
Uniforms	2,456	0.6
Utilities	12,414	2.9
Wages	229,628	54.4
TOTAL OPERATING EXPENDITURES	392,776	93.0
EXCESS REVENUE OVER/(UNDER) EXPENDITURES	29,418	7.0
INCREASE IN FIXED ASSETS	(8,155)	
FUND BALANCE, BEGINNING OF YEAR	\$ 177,871	
FUND BALANCE, END OF YEAR	\$ 199,134	

The accompanying notes are an integral part of this statement

**Nine Mile Point Volunteer Fire Co.**  
Notes to Financial Statements  
December 31, 1998

**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). Additionally, plans are in the works to provide for a third station on the corner of Lapalco Blvd. And Nicole Blvd. 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. One other certificate of deposit is non-interest bearing.

**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. All other assets were reviewed at December 31, 1998 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)	1981 Grumman's	\$ 105, 579.00	(each)
(1)	1986 Ford Rescue	\$ 37, 993.00	

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

	Station 78	Station 79
Building:		
Fire Station	\$ 407,436	\$ 100,300
Dwellings	46,377	46,704
Utility Sheds	17,000	8,000
New Station (Gate)	366	
Property & Equipment		
Station Contents	\$ 134,157	\$ 9,880
Equipment	39,594	25,193
Vehicles	31,624	32,437
Real Estate		
Lot on Oak Avenue	\$ 25,000	

There were no long-term obligations at December 31, 1998.

## 5. Property and Equipment

A summary of changes in general fixed assets is as follows:

	Balance Dec. 31, 1997	Additions	Deletions	Balance Dec. 31, 1998
Vehicles	\$31,624	\$0	\$0	\$31,624
Fire Truck #796	32,437	0	0	32,437
Buildings - Station 78	470,230	584	0	470,814
Buildings - Station 79	155,004	0	0	155,004
Buildings - New Station	366	0	0	366
Equipment - Station 78	171,938	1,813	0	173,751
Equipment - Station 79	29,315	5,758	0	35,073
Real Estate	25,000	0	0	25,000
Totals	<u>\$915,914</u>	<u>\$8,155</u>	<u>\$0</u>	<u>\$924,069</u>

**6. Deposits:**

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

**7. Pension Plan**

There was no pension plan in effect during the 1998 calendar year.

**8. 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 1998 year are as follows:

	Monthly	Quarterly	1997	Total
Ad Valorem				
Jan-Dec 1998	30,000		29,000	389,000
Parish Sales Tax	1,500		1,500	19,500
Parish Contribution		2,000		8,000
Fire Insurance Rebate	<u>7,695</u>	<u>          </u>	<u>          </u>	<u>7,695</u>
	<u>39,195</u>	<u>2,000</u>	<u>30,500</u>	<u>424,195</u>

**9. Other Income:**

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

**10. 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 1998 calendar year.

**11. IRS Refund**

The Internal Revenue Service levied \$2,713.00 from Nine Mile Point Volunteer Fire Co.'s Whitney National Bank CD in June, 1997. These funds were levied from this account in an effort by the IRS to recover an incorrect refund sent to the Department in December, 1995. The original refund was in the amount of \$1,986.93, with the difference being penalties and interest. Nine Mile Point Volunteer Fire Co. is in the process of getting the refund through contact with the Taxpayer's Advocates Office.

**12. LA Department of Revenue Refund**

During the 2<sup>nd</sup> Quarter, 1998, the administrative assistant of Nine Mile Point Volunteer Fire Co., incorrectly reported the State Withholding Tax amount and consequently overpaid that quarter's taxes by \$2,390.00. An amended return was filed in September and the Department is awaiting the refund from the LA Department of Revenue.



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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 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, 1998, and have issued my report thereon dated July 27, 1999. 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.

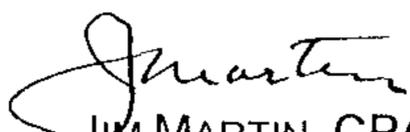
Compliance

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 instances of noncompliance that are required to be reported under *Government Auditing Standards*. Per mandate of the Louisiana Legislative Auditor's Office, this audit should be issued no later than six months after the close of the reporting period. **Nine Mile Point Volunteer Fire Co.** is not in compliance with this mandate.

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 July 27, 1999.

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

Marrero, Louisiana  
July 27, 1999



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## **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. Fixed Assets**

Although there was an asset list provided, the list needs to be updated. Obsolete items need to be deleted and other items need to be more easily identified. Valuations should be brought up to date and classified as to ownership and the date acquired.

### **2. Purchase Orders and Requisitions**

Nine Mile Point Volunteer Fire Department 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. 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 or that had incomplete purchase orders. Also, there were not any requisitions on file for 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.

### **3. 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.



**4. Payroll Taxes**

During the course of this audit, I found an error in preparation of a State Withholding Report. This error caused an erroneous \$2,390.00 overpayment to the Department of Revenue and Taxation. Greater care in the preparation and review of these forms needs to be taken to avoid this in the future.

**5. Audit Requirements**

The Louisiana Legislative Auditor requires (per LSA-RS 24:514) that companies must have the audit completed within six months of the close of the reporting period. Therefore, the audit must have been completed by June 30, 1999.

Although circumstances surrounding the prior administrative assistant hindered the current administration from producing the information required within a necessary amount of time, the delay nevertheless resulted in the audit opinion being issued after the required date.

Additional attention should be taken in the accumulation and filing of important financial and operational material. Furthermore, a more hands-on approach should be taken by the management of the company in order to provide a better set of checks and balances.

  
JIM MARTIN, CPA

Marrero, Louisiana  
July 27, 1999



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

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:

This letter is in compliance with the Louisiana State Legislative Audit request with relation to the 1998 audit of the Nine Mile Point Volunteer Fire Company #1. The following corrective actions have already been taken regarding discrepancies in this audit.

1. **Fixed Assets**

We are in the process of updating our fixed assets list and bringing all this information current. We will make every effort to eliminate this problem for future audits.

2. **Purchase Orders and Requisitions**

The established procedures for purchases made by the Nine Mile Point Volunteer Fire Company #1 will be more closely scrutinized to insure that they are implemented for all purchases that required them.

3. **Adequate Books and Records**

Due to a personnel change in our Administrative Secretary position, some of the required purchase orders and disbursement information could not be located. This problem has been corrected with the employment of another Administrative Secretary with better organizational skills, in conjunction with additional training in these matters.

4. **Payroll Taxes**

The error in preparation of the State Withholding Report has been corrected with the addition of a new Administrative Secretary with better organizational skills, in conjunction with additional training in these matters.

5. **Audit Requirements**

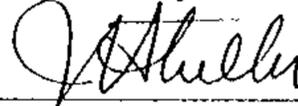
Additional attention will be taken in the accumulation and filing of important financial and operational material. An updated and more hands on approach will be taken by the management of this company to insure an improved set of checks and balances.

**Audit Response**

**Page 2**

The primary reason that this department was late with its audit information was due to the change in personnel in the Administrative Secretary position. This department will take the appropriate measures to insure that instances of noncompliance in this matter do not occur in the future. The necessary documents required for this annual audit will be prepared in sufficient time to be in compliance with the requirements of these audits and for your office to complete its task.

Respectfully submitted,



James H. Tuller: President

08/04/99

Date