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**GRAND ISLE
VOLUNTEER FIRE COMPANY NO. 1
(GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9
OF JEFFERSON PARISH**

**ANNUAL FINANCIAL REPORT
Year Ended 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 8-4-04

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the President and Board of
Grand Isle Volunteer Fire Company No. 1 (GIVFD)
Grand Isle, Louisiana

I have audited the general purpose financial statements of the Grand Isle Volunteer Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the entity's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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. Those standards require that I 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 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 the Grand Isle Volunteer Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, as of December 31, 2003 and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 23, 2004 on my consideration of the entity's internal control structure and on its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Supplemental Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Grand Isle Volunteer Fire Company No. 1 (GIVFD). This information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Paul C. Riney, CPA

May 23, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 2003

	Governmental Fund Type		Account Groups		Total (Memorandum Only)	
	General Fund	General Fixed Assets	General Long-Term Debt	2003	2002	
ASSETS						
Cash and certificates of deposit	\$ 137,281	\$ 0	\$ 0	\$ 137,281	\$ 125,956	
Accounts receivable	38,000	0	0	38,000	127	
Prepaid items	11,287	0	0	11,287	9,644	
Property, plant & equipment	0	1,208,435	0	1,208,435	1,164,119	
Amount to be provided for retirement of general long-term debt	0	0	0	0	0	
TOTAL ASSETS	\$ 186,568	\$ 1,208,435	\$ 0	\$ 1,395,003	\$ 1,299,846	
LIABILITIES, EQUITY & OTHER CREDITS						
Liabilities:						
Accounts payable	\$ 2,273	\$ 0	\$ 0	\$ 2,273	\$ 2,098	
Premiums payable	6,702	0	0	6,702	5,956	
Salaries and related taxes payable	7,731	0	0	7,731	7,035	
Capital leases payable	0	0	0	0	0	
Notes payable	0	0	0	0	0	
Total Liabilities	16,706	0	0	16,706	15,089	
Equity & Other Credits:						
Investment in general fixed assets	0	1,208,435	0	1,208,435	1,164,119	
Fund Balance						
Unreserved, undesignated	169,862	0	0	169,862	120,638	
Total Equity & Other Credits	169,862	1,208,435	0	1,378,297	1,284,757	
TOTAL LIABILITIES, EQUITY & OTHER CREDITS	\$ 186,568	\$ 1,208,435	\$ 0	\$ 1,395,003	\$ 1,299,846	

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
REVENUES		
Intergovernmental	\$ 399,244	\$ 353,700
Donations and gifts	400	159
Miscellaneous	968	32,533
TOTAL REVENUES	<u>400,612</u>	<u>386,392</u>
EXPENDITURES		
Current		
Public Safety	351,388	274,471
Debt Service		
Principal	0	35,018
Interest	0	2,865
TOTAL EXPENDITURES	<u>351,388</u>	<u>312,354</u>
EXCESS OF REVENUES OVER EXPENDITURES	49,224	74,038
OTHER FINANCING SOURCES		
Loan proceeds	<u>0</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	49,224	74,038
FUND BALANCE		
Beginning of year	120,638	46,600
End of year	\$ <u>169,862</u>	\$ <u>120,638</u>

The accompanying notes are an integral part of this statement.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Grand Isle Volunteer Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units under the legal premise that GIVFD is a "quasi-public" corporation. Quasi-public corporations are non-profit or private companies who are created to perform a public service and which receive the majority of their funding from public funds (i.e., taxes, grants, etc.) The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the GIVFD's accounting policies are described below.

1. Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Fire District No.9 of Jefferson Parish (the "District") was created by Parish Ordinance to provide fire protection services to the citizens of the Town of Grand Isle and the surrounding area. The District is currently funded by a 20 mill ad valorem tax levied by the District via the Parish Council and is governed by the same Council that governs the Parish. As such, the District is reported as a component unit within the Parish's financial statements.

Under a cooperative endeavor agreement, the daily operations of the District are contracted out to Grand Isle Volunteer Fire Company No. 1 (GIVFD). GIVFD was incorporated on April 25, 1969 as a non-profit service corporation under Section 501(c)(3) of the Internal Revenue Code. GIVFD has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provide in Section 170(b)(1)(A)(vi). GIVFD is governed by a President and a 5 member Board of Directors which are elected by the membership. The accompanying statements report transactions related only to those of GIVFD.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
(Continued)
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund Accounting

GIVFD uses funds and account groups 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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. GIVFD has only one fund, the General Fund, and two account groups, General Fixed Assets and General Long-Term Debt.

The General Fund is the general operating fund used by GIVFD. It includes the activity of the "private" account, as well as the "public-funds" account. It is used to account for all financial resources and expenditures.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Intergovernmental revenues received from the Parish in connection with the cooperative agreement are recognized in the year to be benefitted. All other service charges and intergovernmental revenues are recognized as received. Expenditures are recorded when the related fund liability is incurred.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
(Continued)
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgets

As a quasi-public corporation, GIVFD is not required to adopt a budget, therefore, a budget to actual statement is not presented in the accompanying financial statements. An informal budget is adopted for internal purposes for the General Fund.

Encumbrance accounting is not utilized.

5. Cash and Investments

For reporting purposes, cash includes amounts in demand deposits, time deposits, and certificates of deposit. This includes the balances in the "private" account, as well as the "public funds" account.

Investments, if any, are stated at fair value, except for investments in government securities with maturities less than 1 year, which are stated at cost or amortized cost.

6. Inventories

The cost of materials and supplies acquired by GIVFD are recorded as expenditures at the time of purchase. It is management's opinion that the inventory of such materials and supplies at December 31, 2003 would not be material to the financial statements.

7. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
(Continued)
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public domain ("infrastructure") general fixed assets and improvement costs are not capitalized, as these assets are immovable and of value only to the government/quasi-public corporation.

Assets in the General Fixed Assets Account Group are not depreciated.

8. Fund Equity

Reserves, if any, represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

9. Total Columns on Combined Statements

Total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Compliance With Cooperative Endeavor Agreement

As a quasi-public corporation, GIVFD is not subject to all of the general statutes governing political subdivisions and other governments within the State of Louisiana. Instead, GIVFD must comply with the terms and conditions of the cooperative endeavor agreement it has with the Parish of Jefferson. As of December 31, 2003, GIVFD was in compliance with all of the significant conditions of the agreement.

NOTE C - CASH AND CERTIFICATES OF DEPOSIT

The carrying amount of the GIVFD's deposits at December 31, 2003 was \$137,281 (including \$14,138 in certificates of deposit) and the bank balance was \$141,494. All of these amounts were covered by FDIC.

**GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
(Continued)
December 31, 2003**

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2003 is made up of \$38,000 due from the Parish of Jefferson. The Parish collects the ad valorem taxes dedicated to Fire Protection District No. 9 and remits 1/12th of the estimated revenue to GIVFD each month. This amount represents the December 2003 payment.

NOTE E - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

Asset Type	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Land	\$ 39,800	\$ 0	\$ 0	\$ 39,800
Buildings and Improvements	344,584	21,642	0	366,226
Vehicles and Firefighting Equipment	756,586	16,201	0	772,787
Furniture and fixtures	23,149	6,473	0	29,622
Total	\$ 1,164,119	\$ 44,316	\$ 0	\$ 1,208,435

NOTE F - ECONOMIC DEPENDENCE

In 1984, the public approved a 10 mill ad valorem tax to be levied beginning on January 1, 1985 for a period of 10 years. In 1994, the public approved a renewal of the tax for an additional 10 year period. These taxes are to provide operating funds for Fire Protection District No. 9 of Jefferson Parish. In January 1985, the Parish and GIVFD entered into a cooperative endeavor agreement whereby GIVFD would be responsible for the day-to-day operations of the District. In return, the Parish would remit to GIVFD, on a monthly basis, 1/12th of the currently budgeted revenues expected to be collected from the 10 mill tax. The original contract was for the period January 23, 1985 to January 23, 1995. The Parish and GIVFD are negotiating a new contract and are operating under the terms and conditions of the old agreement until a new contract is executed. On January 20, 2001, the public approved an increase in the millage rate to 20 mills effective with the 2001 tax roll. 20.00 mills were levied on the 2002 tax rolls and the remittance during 2003 totaled \$393,000. The revenues from this contract account for a substantial portion of GIVFD's total revenues.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
(Continued)
December 31, 2003

NOTE G - COMMITMENTS AND CONTINGENCIES

1. Risk Management

GIVFD is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical malpractice; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers.

Under these policies, general liability and medical malpractice coverage is provided for up to a maximum of \$1,000,000 per occurrence (\$2,000,000 in the aggregate); automobile liability coverage is provided for up to \$1,000,000; and worker's compensation is provided at the statutory limits of \$100,000/500,000/100,000. In each policy, GIVFD is responsible for the deductible.

2. Litigation

There is no litigation pending against the District at December 31, 2003.

NOTE H - RETIREMENT SYSTEM

GIVFD's employees are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, GIVFD contributes an equal amount to the System. Aggregate pension costs for the year is \$15,859. GIVFD does not guarantee the benefits granted by the Social Security System.

During 2003, GIVFD began allowing certain employees to contribute to a SIMPLE IRA plan. GIVFD contributes 3 percent of the employee's gross salary as a match against that contributed by the employee. During 2003, the expense to GIVFD was \$4,741.

SUPPLEMENTAL INFORMATION

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

SCHEDULE OF REVENUES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Intergovernmental		
Jefferson Parish contract:		
Direct payments - taxes	\$ 393,000	\$ 348,000
Chauffer allowance	0	0
Station allowance	0	0
State of Louisiana		
Fire insurance rebate	6,244	5,700
	<u>399,244</u>	<u>353,700</u>
Donations and gifts		
Fundraising, net	0	159
Others	400	0
	<u>400</u>	<u>159</u>
Miscellaneous		
Interest income	740	751
Insurance proceeds	0	23,161
Sales of equipment	0	7,778
Other	228	843
	<u>968</u>	<u>32,533</u>
TOTAL REVENUES	\$ <u>400,612</u>	\$ <u>386,392</u>

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH

SCHEDULE OF EXPENDITURES - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Public Safety		
Current		
Personnel and related costs		
Salaries	\$ 154,087	\$ 139,011
Payroll taxes	15,859	9,838
Retirement	4,741	2,003
Health insurance	13,082	10,216
Unemployment insurance	2,016	724
Workmens' compensation	10,043	9,899
	<u>199,828</u>	<u>171,691</u>
General and administrative costs		
Advertising	0	150
Bank charges	150	56
Bookkeeping/auditing	3,250	3,843
Dues and subscriptions	74	268
Office & computer supplies	13,256	4,891
Copying and supplies	0	0
Postage	273	158
Phones	7,678	9,373
Electricity	8,112	6,728
Licenses and certificates	10	440
Insurance - auto/general	14,582	12,302
Travel - meals	197	0
Board meetings	1,902	131
Arson Investigation	477	0
Station supplies - groceries and other	1,800	6,275
Groceries and supplies - rodeo	285	0
	<u>52,046</u>	<u>44,615</u>
Emergency training and supplies		
Firefighting training and supplies	10,375	13,336
Awards and emblems	0	25
Uniforms and shirts	1,799	1,836
Training and educational	15	192
Conferences and seminars	0	2,246
Gas and oil	2,064	2,999
	<u>14,253</u>	<u>20,634</u>
Repairs and maintenance		
R & M - buildings	19,694	550
R & M - equipment	(147)	8,821
R & M - vehicles	18,831	13,169
Equipment rental	1,476	0
Pest Control	0	445
	<u>39,854</u>	<u>22,985</u>
Miscellaneous		
Gifts, flowers, and donations	0	0
Other	1,285	948
	<u>1,285</u>	<u>948</u>
Capital outlay		
Buildings and grounds	21,642	0
Vehicles and rescue equipment	5,786	8,475
Equipment	16,283	5,123
Furniture and fixtures	411	0
	<u>44,122</u>	<u>13,598</u>
TOTAL CURRENT	<u>351,388</u>	<u>274,471</u>
Debt Service		
Principal	0	35,018
Interest	0	2,865
TOTAL DEBT SERVICE	<u>0</u>	<u>37,883</u>
TOTAL EXPENDITURES	<u>\$ 351,388</u>	<u>\$ 312,354</u>

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN
AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the President and Board of Directors
Grand Isle Volunteer Fire Company No. 1 (GIVFD)
Grand Isle, Louisiana

I have audited the financial statements of the Grand Isle Volunteer Fire Company No. 1 (GIVFD), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, as of and for the year ended December 31, 2003, and have issued my report thereon dated May 23, 2004. I conducted my 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 the GIVFD's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered the GIVFD's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted several matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect GIVFD's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions are described in the attached Schedule of Findings and Questioned Costs.

A material weakness is a reportable 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 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 controls over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that all of the reportable conditions noted are material weaknesses.

I also noted other matters involving the internal control over financial reporting that I have reported to management of GIVFD in a separate report entitled "Memorandum of Advisory Comments", dated May 23, 2004.

This report is intended for the information of the Board, the President, management, the Parish of Jefferson, and the Legislative Auditor of the State of Louisiana, and should not be used for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by Legislative Auditor as a public document.

Paul C. Rina, CPA

May 23, 2004

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003

I have audited the financial statements of the Grand Isle Volunteer Fire Company No. 1 (GIVFD) as of and for the year ended December 31, 2003, and have issued my report thereon dated May 23, 2004. I conducted my 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. My audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S REPORTS

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Reportable Conditions were noted.

Material Weaknesses were noted.

Compliance:

No instances of noncompliance material to the financial statements were noted.

B. Federal Awards - not applicable

C. Identification of Major Programs - not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

Reportable Condition - Comment # 03-01

Condition - I noted that the size of GIVFD's operations are too small to provide for an adequate segregation of duties. The GIVFD's treasurer/secretary is charged with most of the responsibilities relating to the cash receipts, cash disbursement, and financial reporting cycles. GIVFD does, however, have various controls in place which tend to mitigate this problem, including (1) having another person review and initial all bank reconciliations, (2) requiring dual signatures on all checks, and (3) requiring the presentation of actual versus budget reports on a monthly basis.

Recommendation - Employing additional controls may not be cost beneficial, however, the Board should remain cognizant of the lack of segregation of duties.

Response - We are aware of the condition, however, at this point we are not in the financial position of addressing the problem. The Board is aware of the condition and will continue to monitor the financial activity of GIVFD in a timely manner.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2003

Reportable Condition - Comment # 03-02

Condition - GIVFD records its payroll transactions in the general ledger on a "net" check basis. The payroll information concerning gross pay and deductions is maintained in a separate payroll journal. An employee earnings sheet is kept on each employee recapping his/her earnings by month for W-2 purposes. During my testing of payroll expenditures, I noted several instances where the payroll journal did not agree to the amounts recorded in the general ledger and/or the employee earnings sheets. This results in the wrong taxes being remitted in some instances and incorrect W-2 forms being filed at year end.

Recommendation - The treasurer/secretary should set up a process whereby the amounts recorded in the payroll journal are reconciled to the amounts in the general ledger on a monthly basis. The employee earnings sheets should also be reconciled to the payroll journal.

Response - The treasurer/secretary was a new employee in 2002. The previous treasurer/secretary was not able to train the new employee, thus, some mistakes were made. We will make sure that the new treasurer/secretary understands the payroll process and reconciles the various payroll records. We are also considering computerizing these manual calculations to avoid future errors.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the Year Ended December 31, 2003
SECTION IV - STATUS OF PRIOR YEAR FINDINGS

The status of findings and questioned costs noted in prior years is noted below:

FINANCIAL STATEMENT FINDINGS

Prior Year Comment No.	Description	Status
# 02-01	Inadequate segregation of duties.	See CY Comment # 03-01
# 02-02	Bank reconciliations not done properly.	Cleared - Bank reconciliations done FY 2003.
# 02-03	Invoices not being filed properly.	Cleared - Invoices filed better in FY 2003.
# 02-04	Payroll not being reconciled. Incorrect W-2's.	See CY Comment # 03-02

FEDERAL AWARDS - FINDINGS AND QUESTIONED COSTS

Not Applicable

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MEMORANDUM OF ADVISORY COMMENTS

**GRAND ISLE
VOLUNTEER FIRE COMPANY NO. 1
(GIVFD)
d/b/a
FIRE DISTRICT NO. 9
OF JEFFERSON PARISH
Year Ended 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 _____

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**INTERNAL CONTROL STRUCTURE
AND RELATED MATTERS**

Paul C. Rivera, CPA

2612 Crestway Road
Marrero, Louisiana 70072

(504) 371-4390

To the President and Board of
Grand Isle Volunteer Fire Company No 1 (GIVFD)
Grand Isle, Louisiana

I have audited the financial statements of Grand Isle Volunteer Fire Company No. 1 (GIVFD), a nonprofit entity d/b/a Fire District No. 9 of Jefferson Parish, for the year ended December 31, 2003, and have issued my reports thereon dated May 23, 2004. As part of my audit, I considered GIVFD's internal control structure in order to determine the nature, timing, and extent of my auditing procedures for the purpose of expressing an opinion on the financial statements, and not to provide assurance on the internal control structure.

Reportable conditions which may have been noted during my consideration of the internal control structure have been reported on in a separately issued report, entitled "Independent Auditor's Report on Internal Control Over Financial Reporting Based on an Audit Performed in Accordance With Government Auditing Standards".

This memorandum summarizes various other matters which have come to my attention. While not involving reportable conditions, these matters do present opportunities for strengthening the internal control structure and improving the operating efficiency of GIVFD.

I have already discussed these comments and suggestions with GIVFD's administrative personnel and have included their responses. I will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform an additional study of these matters, or assist you in implementing the recommendations.

Paul C. Rivera, CPA

May 23, 2004

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)

d/b/a

FIRE DISTRICT NO. 9 OF JEFFERSON PARISH

COMMENTS AND SUGGESTIONS

For the Year Ended December 31, 2003

CONTROLLING EXPENDITURES

03-1. COMMENT

During my testing of receipts and expenditures, I noted an increase in office/computer supplies. Upon vouching the expenses, I noted that GIVFD was purchasing a rather large quantity of inkjet cartridges for the printer/copier/fax machine. Because the machine is an all-in-one machine, it gets used often. Thus, GIVFD has been buying between 10 and 15 cartridges per month at a cost of \$60 each.

RECOMMENDATION

GIVFD should look into purchasing a laserjet printer. While the upfront costs would be a bit high, the laserjet cartridges tend to last longer than inkjet cartridges. Thus, GIVFD would realize savings on the supplies side.

RESPONSE

We will look into this.

**STATUS OF PRIOR YEAR COMMENTS
AND FINDINGS**

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE DISTRICT NO. 9 OF JEFFERSON PARISH

STATUS OF PRIOR YEAR COMMENTS AND FINDINGS
For the Year Ended December 31, 2003

Several advisory comments and compliance findings were made for the year ended December 31, 2002. The status of the comments and findings previously noted are as follows:

Prior Year Comment Finding No.	Description	Status
# 02-1	Increased number of mispostings of receipts and expenditures.	Cleared - number of mispostings in 2003 were much lower
FINDING # 02-1	State withholding taxes not being remitted timely.	Cleared - taxes remitted properly in 2003
FINDING # 02-2	Retroactive pay raises appeared to violate Louisiana Constitution.	Cleared - no retroactive raises given in 2003

**GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH**

**MANAGEMENTS CORRECTIVE ACTION PLAN
December 31, 2003**

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In connection with the audit of the Grand Isle Volunteer Fire Company No. 1 (GIVFD), several comments were noted by our auditor which were classified as reportable conditions and/or material weaknesses. These comments are detailed in the December 31, 2003 financial report. The management of GIVFD offers the following action plan to correct the deficiencies noted:

Comment # 03-01 – Lack of segregation of duties

Management is aware of this situation. Due to lack of funds, we are not in a position to hire additional personnel to properly segregate the duties of the treasurer. We will, however, continue to monitor the financial activities and require certain mitigating controls.

Comment # 03-02 – Payroll journals not being reconciled with ledger

As noted in our response, the treasurer is a new employee. The previous treasurer was not available to train the new employee in all matters, thus, some mistakes were made. We are considering computerizing the payroll function to eliminate the manual mistakes. We do not expect this to recur.

Except for the first comment, we do not anticipate these problems recurring next year. We hope our action plan is sufficient.



Davey Martin
Chief, GIVFD