

**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, 2019**

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund (i.e., the General Fund) of 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, 2019, and the related notes to the financial statements, which collectively comprise GIVFD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these basic financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidenced about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of GIVFD as of December 31, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

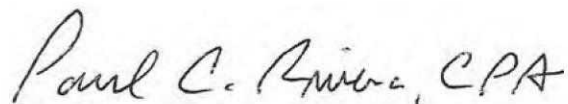
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise GIVFD's financial statements. The individual fund statements, schedules and supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

These individual fund statements, schedules and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the individual fund, schedules, and supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated October 26, 2020, on my consideration of GIVFD's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GIVFD's internal control over financial reporting and compliance.



October 26, 2020
Marrero, Louisiana

**GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (“GIVFD”)
PO BOX 550
GRAND ISLE, LA 70358**

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Grand Isle Volunteer Fire Company No. 1 (“GIVFD”), a non-profit entity d/b/a Fire Protection District No. 9 of Jefferson Parish, we offer readers of GIVFD’s financial statements this narrative overview and analysis of the financial activities of GIVFD for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 14.

FINANCIAL HIGHLIGHTS

- The assets of GIVFD exceeded its liabilities at the close of the most recent fiscal year by \$552,185 (*Net Position*). Of this amount, \$391,227 or 70.9 percent is invested in capital assets, such as building, vehicles and firefighting equipment, net of any related debt. The remaining balance of \$160,958 (*Unrestricted Net Position*) or 29.1 percent represents the amount available to meet the entity’s ongoing obligations to citizens and creditors.
- GIVFD’s total Net Position decreased by \$(37,822) or 6.4 percent during the current year because total expenses exceeded revenues by that amount. The majority of the decrease is due to the increase in expenses (mostly overtime).
- As of the close of the current fiscal year, GIVFD’s governmental fund (the General Fund) reported a fund balance of \$160,958, a decrease of \$(156,133) or 49.2 percent in comparison with the prior year. The primary reason for the decrease was the increase in overtime and the increase in capital outlays for the purchase of a new boat.
- GIVFD has a cooperative agreement with the Grand Isle Volunteer Emergency Services, Inc. (GIVES) (i.e., the ambulance district) for it to provide GIVES with administrative and operating support. All of the employees of GIVES were transferred to GIVFD in prior years. GIVES paid GIVFD \$454,980 during the year under this agreement.
- GIVFD had \$-0- in outstanding debt at year end.
- GIVFD is still feeling the effects of Hurricanes Katrina, Rita, Gustav and Ike. Project worksheets continue to be worked through and reimbursements and costs continue. During 2019, FEMA continued to work on old outstanding project worksheets. There is still \$169,385 recognized in deferred revenues awaiting closure from FEMA, after recognized current year revenue adjustments of \$(5,848).
- Subsequent to year end, the COVID-19 pandemic came to the Jefferson Parish area, resulting in health issues, stay-at-home orders, and economic instability in the region. GIVFD’s management continues to monitor the situation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to GIVFD's basic financial statements. GIVFD's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The "government-wide financial statements" are designed to provide readers with a broad overview of GIVFD's finances, in a manner similar to a private-sector business.

The "Statement of Net Position" presents information on all of GIVFD's assets and liabilities, with the difference between the two reported as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of GIVFD is improving or deteriorating.

The "Statement of Activities" presents information showing how the government's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are designed to distinguish functions of GIVFD that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). It should be noted that GIVFD only has governmental activities.

The government-wide financial statements include only the financial activities of GIVFD, which are made up of the "private" account and the "public funds" account. The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GIVFD, because it is a "quasi-public" entity, uses fund accounting like state and local governments to ensure and demonstrate compliance with finance-related legal requirements.

GIVFD's funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, GIVFD only presents governmental funds.

Governmental funds. "Governmental funds" are used to account for essentially the same functions reported as "governmental activities" in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for "governmental funds" with similar information presented for "governmental activities" in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between "governmental fund" and "governmental activities".

GIVFD maintains only one fund (the General Fund). Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General fund.

GIVFD is a “quasi-public” entity and is not required to adopt an annual budget. Thus, a budgetary comparison statement is not shown.

The basic governmental fund financial statements can be found on pages 16 to 19 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 32 of this report.

Other information. Supplemental Information includes individual fund statements and schedules, which show additional detailed financial information on the General Fund, are found on pages 34 and 35. It also includes a Schedule of Compensation, Benefits and Payments to the Agency Head is found on pages 36.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, Net Position may serve over time as a useful indicator of a government’s financial position. In the case of GIVFD, assets exceeded liabilities by \$552,185 at December 31, 2019, a decrease of \$(37,822) or 6.4 percent.

A large portion of GIVFD’s Net Position (\$391,227 or 70.9 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and fixtures, vehicles and firefighting equipment); less any related debt used to acquire those assets that is still outstanding. GIVFD used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although GIVFD’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Below is a comparison of GIVFD’s Statement of Net Position for 2019 and 2018.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

	Governmental Activities 2019		Governmental Activities 2018		
Current and other assets	\$	368,508	\$	506,812	
Capital assets		391,227		272,916	
Total assets		<u>759,735</u>		<u>779,728</u>	
Long-term liabilities outstanding		0		0	
Other liabilities		207,550		189,721	
Total liabilities		<u>207,550</u>		<u>189,721</u>	
Net assets:					
Invested in capital assets, net of related debt		391,227	70.9%	272,916	46.3%
Restricted		0	0.0%	0	0.0%
Unrestricted		160,958	29.1%	317,091	53.7%
Total net assets	\$	<u>552,185</u>		<u>590,007</u>	

The balance of *Unrestricted Net Position* is \$160,958 or 29.1 percent at December 31, 2019.

At December 31, 2019, GIVFD is able to report positive fund balances in all three categories of Net Position.

GIVFD’s Net Position decreased by \$(37,822) or 6.4 percent during the current fiscal year.

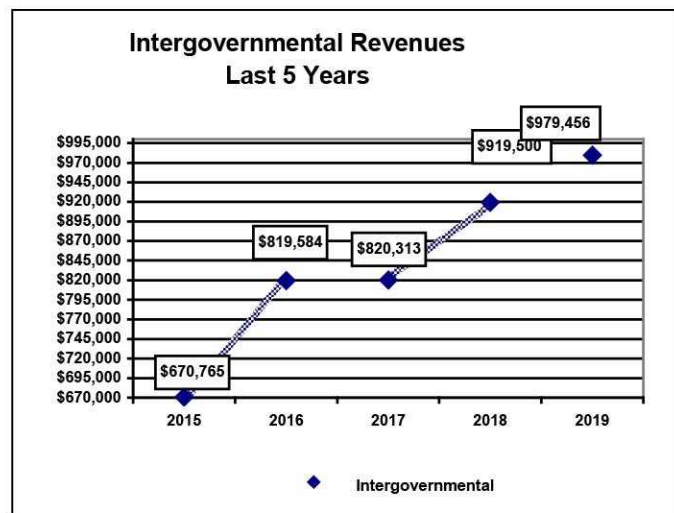
Governmental Activities. During 2019, governmental activities decreased GIVFD's Net Position by \$(37,822). Key elements of this decrease are shown below as compared to 2018.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1

	Governmental Activities		Governmental Activities	
	2019		2018	
Revenues:				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	449,132	29.8%	367,418	24.3%
Capital grants and contributions	-	0.0%	200,000	13.2%
General revenues:				
Intergovernmental	979,456	65.0%	919,500	60.7%
Unrestricted interest	471	0.0%	236	0.0%
Gain (loss) on sale of equipment	-	0.0%	-	0.0%
Unrestricted gifts and donations	-	0.0%	500	0.0%
Miscellaneous	78,227	5.2%	27,392	1.8%
Total revenues	<u>1,507,286</u>	<u>100.0%</u>	<u>1,515,046</u>	<u>100.0%</u>
Expenses:				
Public Safety	1,545,108	100.0%	1,330,570	100.0%
Total expenses	<u>1,545,108</u>	<u>100.0%</u>	<u>1,330,570</u>	<u>100.0%</u>
Increase in net position	(37,822)		184,476	
Net position - Beginning of year	590,007		405,531	
Net position - end of year	<u>\$ 552,185</u>		<u>\$ 590,007</u>	

➤ Operating grants of \$449,132 represent the proceeds from a cooperative agreement with the Grand Isle Volunteer Emergency Services, Inc. (GIVES), and deferrals of federal funds related to disaster claims. Under the agreement with GIVES, all of the employees of GIVES were transferred to GIVFD and GIVFD now provides GIVES with administrative and operating support. GIVES reimburses GIVFD up to 85.0 percent of the proceeds of the money it receives from the Parish to operate an ambulance district within the Town boundaries. During 2019, GIVES paid GIVFD \$454,980, an increase of \$87,562. The increase was due to GIVES remitting the full 85.0 percent of its millage in 2019 compared to only 70.3 percent in 2018. The monthly millage allocation also increased over 2018. Also in 2019, FEMA revenues total \$(5,848) as FEMA/GOHSEP made adjustments and disallowances of some previously allowed disaster claims.

- Capital grants totaled \$-0- in 2019. In 2018, \$200,000 represented funds received from the Parish dedicated to purchasing equipment (primarily a search and rescue boat).
- Intergovernmental revenues come from the Parish of Jefferson and the State. The Parish levies an ad valorem tax in Grand Isle and remits a certain amount to GIVFD each month to provide funding to the Fire District. For 2019, the millage rate levied was 21.10 mills (slightly more than last year). This allocation came in at \$970,000 for 2019 and \$910,000 for 2018.

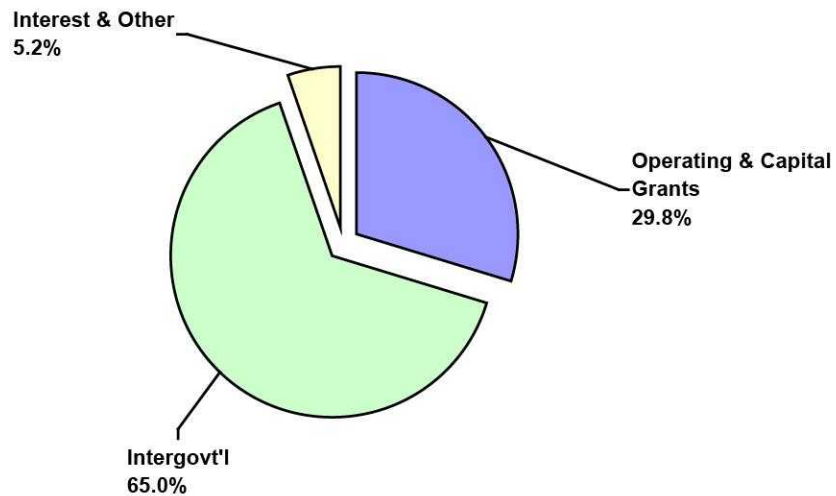


The State also remits a fire insurance rebate to each fire company. For 2019 and 2018, this amount was \$9,456 and \$9,500, respectively. The graph shows the amount of intergovernmental revenues received by GIVFD over the past five years.

- Unrestricted gifts and donations totaled \$-0- in 2019 and \$500 in 2018. This amount generally includes donations from businesses and citizens to help finance the office (and varies by year).
- Miscellaneous income totaled \$78,227 in 2019 and \$27,392 in 2018, mostly dividends from LWCC on workers compensation program (\$75,702 in 2019 and \$27,392 in 2018).

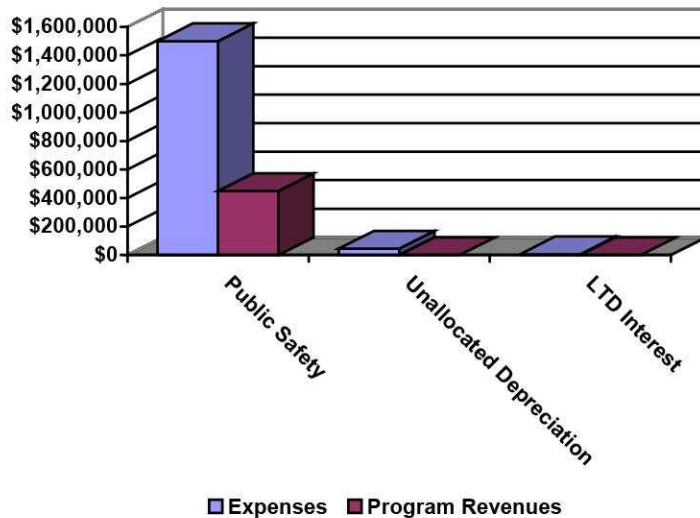
A breakdown of the revenues received by GIVFD's governmental activities is as follows:

Revenues by Source - Governmental Activities



Expenses totaled \$1,545,108, including current year depreciation of \$45,377. As a fire district, the only function GIVFD provides is the public safety function. These expenses of GIVFD were offset by program revenues (service charges and grants) totaling \$449,132 (see above), leaving a net revenue (cost) to citizens of GIVFD of \$(1,095,976). The cost is primarily funded by the general revenues discussed above. A graph comparing the expenses with the program revenue generated is presented below.

Expenses and Program Revenues By Function



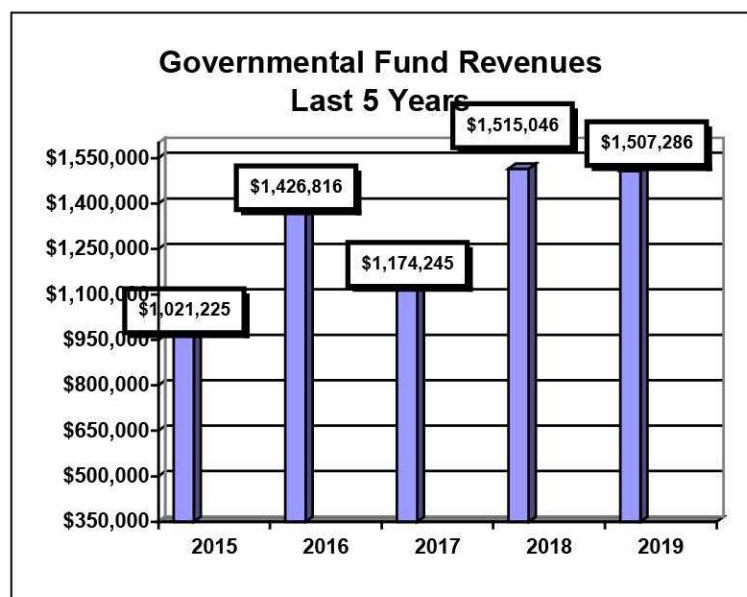
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, GIVFD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of GIVFD's "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing GIVFD's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, GIVFD's governmental fund (i.e., the General Fund) reported ending fund balance of \$160,958, a decrease of \$(156,133) or 49.2 percent in comparison with the prior year. This change was caused by a number of factors, which are discussed below.

As noted above, the governmental funds include the general operating funds of GIVFD (i.e., the General Fund). Overall, as the graph shows, revenues of the Governmental Funds increased and decreased greatly over the past years. Because of the small size of the operating fund, operating and capital grants can create large swings in revenues when recognized.



This is especially true since the hurricanes in 2005 and 2008, as well as the oil spill in 2010. The millage allocation from the Parish brought in \$970,000, which was \$60,000 more than last year. The Parish capital millage was \$-0- in 2019, which was \$(200,000) less than last year. The cooperative agreement with Grand Isle Volunteer Emergency Services (GIVES) to provide administrative support brought in \$454,980 in 2019 (up \$87,562). Adjustments to the FEMA grants resulted in current year revenues of \$(5,848).

Miscellaneous income totaled \$78,227 in 2019 (up \$50,835). This amount is primarily made up of dividends from the workman's compensation carrier (LWCC). The 2019 dividends totaled \$75,702 and was \$27,392 in 2018.

As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.8 percent of total general fund expenditures. This is a slight increase from the 6.3 percent noted last year.

The fund balance of GIVFD's General fund decreased by \$(156,133) during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$1,507,286, while expenditures totaled \$1,663,419.
- Revenues were made up of:
 - Intergovernmental revenues included \$9,456 of state fire insurance rebates.
 - Intergovernmental revenues also included an allocation from Jefferson Parish (i.e., Property taxes) totaling \$970,000, which is \$60,000 more than 2018. The number of mills levied on the 2018 tax roll was 21.10 (which is the same as the prior year).
 - Intergovernmental revenues also included \$454,980 from the cooperative agreement with the Grand Isle Volunteer Emergency Services to provide administrative support to the ambulance department. This amount increased from last year. GIVES was able to remit 85.0 percent of its millage to GIVFD to cover costs.
 - Intergovernmental revenues included \$(5,848) from FEMA, as adjustments and disallowances from previous claims were posted to the accounts.
 - Miscellaneous revenues total \$78,227, including \$75,702 of LWCC dividends.
- Expenditures totaled \$1,663,419, as follows:
 - Personnel and related costs totaled \$1,274,732 or 76.6 percent of expenditures – salaries amounted to \$956,299 and benefits totaled \$318,433. This category increased \$201,986 or 18.8 percent from 2018. Most of the increase relates to regular salaries (up \$64,357), overtime (up \$113,543), payroll taxes (up \$11,605), and group health insurance (up \$11,678), offset by a slight drop in medics salaries (down \$(4,560)). Salaries were up due to small raises and two new employees hired late in the year. Overtime was up due to unfilled shifts being filled by rank employees. Payroll taxes were up due to the increase in salaries and group health insurance was up due to small premium increases, as well as adding the two new employees to the plan.
 - General and administrative costs totaled \$121,970 or 7.3 percent of expenditures – insurance was \$44,771, station groceries and supplies were \$17,277, electricity was \$15,651, phones were \$11,018, conferences and conventions were \$8,770, bookkeeping and audit fees totaled \$8,500, contracted services – other totaled \$6,420, cable and internet access totaled \$3,770, office supplies totaled \$1,782, and alarm monitoring costs were \$1,154. In total, this category increased \$10,849 or 9.8 percent from last year. Station groceries and supplies were up \$10,852, insurance was up \$7,128 mostly due to adding the new boat to the policy, contracted services – other was up \$5,876 (due to costs associated with the Firehouse software), and conferences and conventions were down \$(5,349) as only two employees attended the National Fire Conference this year.

- Emergency training and supplies totaled \$51,452 or 3.1 percent of expenditures. This category included firefighting supplies of \$37,478, uniforms and shirts of \$7,125, gas and oil for vehicles of \$5,790, fire week prevention materials of \$551, and fire training materials of \$508. In total, the category was up \$37,353, due mainly to an increase in firefighting supplies (up \$37,074 as new bunker gear was purchased for the station).
- Repairs and maintenance totaled \$50,361 or 3.0 percent of expenditures. Repairs to buildings amounted to \$26,422, repairs to the fire trucks came in at \$22,412 and repairs to radios and equipment totaled \$1,527. In total, this category was down \$(42,671), made up mostly of a decrease in vehicle repairs of \$(66,718), offset by an increase in building repairs of \$23,095. Building repairs were up due to repairs to the HVAC system and the generator. Vehicle repairs were down since some major preventive maintenance performed last year was not repeated in the current year.
- Miscellaneous expenditures were \$259 or 0.0 percent of expenditures (made up mostly of costs incurred out of the private account for donations to local schools and holiday events for the children and citizens).
- Capital outlays totaled \$164,645 or 9.9 percent. This included the purchase of a new boat (with motors and a trailer) and a new electric sandblaster.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. GIVFD’s net investment in capital assets for its governmental activities as of December 31, 2019 amounts to \$391,227 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, furniture and fixtures, heavy equipment, and vehicles. GIVFD’s investment in capital assets increased by \$118,311 or 43.4 percent this year.

Major capital asset events during the current fiscal year included the following:

- \$160,771 was spent the purchase of new 24 foot rescue boat, with motors and a trailer.
- \$45,377 was recognized as depreciation expense.

**GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1
CAPITAL ASSETS
(NET OF DEPRECIATION)**

	Governmental Activities	Governmental Activities
	2019	2018
Land	\$ 39,800	\$ 39,800
Buildings	85,567	97,897
Furniture and fixtures	15,317	14,323
Vehicles and firefighting equipment	250,543	120,896
Total	391,227	272,916
Capital-related debt	-	-
Net Investment	\$ 391,227	\$ 272,916

Additional information on GIVFD’s capital assets can be found in Note D.3 on page 28.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

- The unemployment rate for the Parish of Jefferson is currently 4.1 percent, which is 0.4 percent higher than it was a year ago (although these figures were pre-pandemic, which are much higher now). In the coastal community of Grand Isle, which is heavily dependent on offshore oil and commercial fisheries (primarily shrimping), the rate is typically much higher.
- Inflationary trends in the region compare favorably to national indices.
- The ad valorem millage was renewed by a popular vote in April 2011 and is now has a maximum authorized rate of 20.00 mills. Due to mandated “roll-forwards”, the maximum rate is now adjusted to 21.10 mills. For the 2019 tax roll (taxes collected in 2020), the Parish levied 21.10 mills, which is the same as the mills in 2018. Thus, revenues are expected to remain at or about the same next year.
- GIVFD’s management continues to monitor the effects of the COVID-19 pandemic on the local community and is also monitoring its continuing cash flows and financial stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of GIVFD’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Grand Isle Volunteer Fire Company, No. 1, President, PO Box 550, Grand Isle, Louisiana 70358.

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BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
DECEMBER 31, 2019

		GOVERNMENTAL ACTIVITIES
		<u> </u>
ASSETS		
Cash and cash equivalents	\$	283,047
Receivables (net of allowance for uncollectibles)		53,548
Other assets - prepaid items		31,913
Capital assets (net of accumulated depreciation)		
Land	\$ 39,800	
Buildings	85,567	
Furniture and fixtures	15,317	
Heavy equipment	-	
Vehicles and firefighting equipment	250,543	
Infrastructure	-	
Construction in progress	-	391,227
		<u> </u>
TOTAL ASSETS		<u>759,735</u>
LIABILITIES		
Accounts payable and other current liabilities		13,645
Accrued payroll and deductions		24,520
Unearned grant revenues		169,385
Noncurrent liabilities:		
Due within one year		-
Due in more than one year		-
		<u> </u>
TOTAL LIABILITIES		<u>207,550</u>
NET POSITION		
Net investment in capital assets		391,227
Restricted for:		
Debt service		-
Other		-
Unrestricted		160,958
		<u> </u>
TOTAL NET POSITION	\$	<u>552,185</u>

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 ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Primary Government Governmental Activities:					
Public Safety	\$ 1,499,731	\$ -	\$ 449,132	\$ -	\$ (1,050,599)
Unallocated depreciation expense	45,377	-	-	-	(45,377)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 1,545,108</u>	<u>\$ -</u>	<u>\$ 449,132</u>	<u>\$ -</u>	<u>(1,095,976)</u>
GENERAL REVENUES:					
					970,000
					Intergovernmental - Parish Allocation of Property Taxes
					Intergovernmental - State Fire Insurance Rebate
					9,456
					Unrestricted interest
					471
					Gain (loss) on sale of equipment
					-
					Unrestricted gifts and donations
					-
					Other
					78,227
					TRANSFERS IN (OUT)
					-
					TOTAL GENERAL REVENUE AND TRANSFERS
					<u>1,058,154</u>
					CHANGE IN NET POSITION
					(37,822)
					NET POSITION
					Beginning of Year
					590,007
					End of Year
					<u>\$ 552,185</u>

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

GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2019

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 283,047
Accounts Receivable	53,548
Prepaid items	31,913
TOTAL ASSETS	<u>\$ 368,508</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 13,645
Salaries and related taxes payable	24,520
Unearned grant revenues	169,385
Total Liabilities	<u>207,550</u>
Fund Balance	
Non-spendable	31,913
Restricted	-
Committed	-
Assigned	-
Unassigned	129,045
Total Fund Balance	<u>160,958</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 368,508</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Amounts reported for governmental activities in the Statement of Net Position (page 13) are different because:

Total Fund Balances at December 31, 2019 - Governmental Funds (page 16)	\$	160,958
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,561,315 and the accumulated depreciation is \$1,170,088.		391,227
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
Notes Payable		-
Capital Leases Payable		-
Total Net Position of Governmental Activities at December 31, 2019 (page 14)	<u>\$</u>	<u>552,185</u>

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

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>
REVENUES	
Intergovernmental	\$ 1,428,588
Service charges and reimbursements	-
Donations and gifts	-
Interest	471
Miscellaneous	78,227
	<hr/>
TOTAL REVENUES	<u>1,507,286</u>
 EXPENDITURES	
Current	
Public Safety	
Personnel and related costs	1,274,732
General and administrative costs	121,970
Emergency training and supplies	51,452
Repairs and maintenance	50,361
Miscellaneous	259
Capital outlay	164,645
Debt Service	
Principal	-
Interest	-
	<hr/>
TOTAL EXPENDITURES	<u>1,663,419</u>
EXCESS OF REVENUES OVER EXPENDITURES	(156,133)
 OTHER FINANCING SOURCES	
Capital lease	-
Loan proceeds	-
EXCESS (DEFICIENCY) OF REVENUES AND	
OTHER FINANCING SOURCES OVER EXPENDITURES	<hr/> (156,133)
 FUND BALANCE	
Beginning of year	317,091
	<hr/>
End of year	<u>\$ 160,958</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Amounts reported for governmental activities in the Statement of Activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 18)	\$ (156,133)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	118,311
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	-
The issuance of long-term debt (e.g., notes payable, leases) provides current financial resources to the governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	-
Change in net position of governmental activities (page 15)	<u>\$ (37,822)</u>

The accompanying notes are an integral part of this statement.

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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, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Grand Isle 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 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
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of GIVFD. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Because of the nature of GIVFD's operations, GIVFD reports only governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Funds are used by GIVFD 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. The funds of GIVFD are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GIVFD reports the following major governmental funds:

The *General Fund* is the general operating fund of GIVFD. It is used to account for all financial resources and expenditures. It includes the activity of the “private” account, as well as the “public funds” (i.e., tax allocation funds) account.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and 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 endeavor 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. Principal and interest on general long-term debt are recognized as expenditures only when payment is due.

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.

5. Assets, Liabilities, and Net Position or Equity

A. *Cash and Investments*

For reporting purposes, cash and cash equivalents 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.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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, 2019 would not be material to the financial statements.

C. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by GIVFD as assets with an initial, individual cost of more than \$250 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed and are included in construction in progress.

Property, plant, equipment, and infrastructure are depreciated using the straight-line method (with a mid-year convention) over the following estimated useful lives:

<u>Asset Category</u>	<u>Useful Life in Years</u>
Buildings	20
Furniture and fixtures	3 to 5
Vehicles and firefighting equipment	5 to 10
Infrastructure (if any)	40

D. Fund Equity

In accordance with Government Accounting Standards Board (GASB) Codification Section 1800, fund balances of the governmental fund types are categorized into one of five categories - Non-spendable, Restricted, Committed, Assigned, or Unassigned. For *assigned fund balances*, the President and/or Fire Chief may assign amounts to a specific purpose via internal memorandum, with the board's approval.

While GIVFD has not established a policy for its use of unrestricted fund balance, it does consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Use of Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires GIVFD to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures. Actual results could differ from the estimates that were used.

7. Subsequent Events

GIVFD has evaluated subsequent events through October 26 2020, the date the financial statements were available to be issued.

8. Expenses Paid by Others

The full-time firefighters of GIVFD that meet certain qualifications, receive supplemental pay from the State of Louisiana under the provisions of LRS 33:2202. The amount of pay received as these supplemental state funds are paid directly to the firefighters and are not reflected in these statements.

9. Donated Services, Facilities, or Supplies

No amounts are reflected in the financial statements for donated services. Donated services include a substantial number of hours from volunteer firefighters/paramedics. These amounts are not readily determinable.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$118,311 difference are as follows:

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

Capital Outlay	\$	163,688
Depreciation Expense		(45,377)
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	\$	118,311

NOTE C - 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. GIVFD and the Parish of Jefferson signed a new ten (10) year agreement in March 2018, with an effective date of December 1, 2017 through December 1, 2027. As of December 31, 2019, GIVFD was in compliance with all of the significant conditions of the agreement, except that a purchase of a rescue boat valued at more than \$100,000 was made in 2019 without obtaining prior approval from the Parish’s Director of Fire Services, as required in Section I.3.b. of the cooperative endeavor agreement. An engine for one of the wave-runners (SRT-5) was also disposed of in a way inconsistent with Section I.3.j. of the cooperative endeavor agreement, which requires any obsolete equipment to be disposed of via the Parish’s Surplus Property division.

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

1. Deposits and Investments

The carrying amount of GIVFD’s deposits at December 31, 2019 was \$283,047 and the bank balance was \$237,276. \$250,000 of the bank balances were covered by FDIC, leaving \$-0- uninsured. GIVFD’s fiscal agent bank has pledged \$95,000 of securities as collateral against these deposits in case the bank balances were to exceed the FDIC limits.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

2. Receivables

A recap of total receivables due at year end is as follows:

<u>Description</u>	<u>Receivable</u>
FEMA - Public Assistance Grants - Ike	\$ 1,689
GIVES - Due for Expenditures Paid on its Behalf	18,194
GIVES - Due for Admin and Operating Contract	33,665
Total Receivable	<u>\$ 53,548</u>

As discussed in Notes G.2 and G.3, GIVFD has open claims with FEMA for disaster assistance related to Hurricanes Katrina, Rita, Gustav, Ike, and Isaac. At December 31, 2019, \$1,689 is reflected as receivable on these claims.

During 2015, GIVFD paid two insurance bills that should have been paid by GIVES (the ambulance district). A receivable of \$11,915 was accrued to recoup these funds. In 2017, an additional \$6,279 of insurance premiums were paid on behalf of GIVES. This amount has also been accrued at year end, leaving a balance of \$18,194 as due.

During 2019, GIVES fell behind in remitting its administrative and operating contract fees to GIVFD. At year end, the month of June 2019 had yet to be remitted. An accrual of \$33,665 was made at year end to recognize this amount due. This amount was collected subsequent to year end.

GIVFD considers all of its receivables as collectible, thus, no allowance for doubtful accounts has been established. The Governor's Office of Homeland Security (GOSEP) is responsible for processing these disaster claims. GIVFD is working with GOHSEP on closing these claims out and collecting whatever funds will ultimately be allowed.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

3. Capital Assets

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

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 39,800	\$ -	\$ -	\$ 39,800
Total capital assets, not being depreciated	<u>\$ 39,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,800</u>
Capital assets, being depreciated				
Buildings & improvements	\$ 256,596	\$ -	\$ -	\$ 256,596
Furniture & fixtures	146,569	2,917	-	149,486
Vehicles & firefighting equipment	986,297	160,771	(31,635)	1,115,433
Total capital assets, being depreciated	<u>1,389,462</u>	<u>163,688</u>	<u>(31,635)</u>	<u>1,521,515</u>
Less accumulated depreciation for:				
Buildings & improvements	(158,699)	(12,330)	-	(171,029)
Furniture & fixtures	(132,246)	(1,923)	-	(134,169)
Vehicles & firefighting equipment	(865,401)	(31,124)	31,635	(864,890)
Total accumulated depreciation	<u>(1,156,346)</u>	<u>(45,377)</u>	<u>31,635</u>	<u>(1,170,088)</u>
Capital assets being depreciated, net	<u>\$ 233,116</u>	<u>\$ 118,311</u>	<u>\$ -</u>	<u>\$ 351,427</u>
Net governmental activities capital assets	<u>\$ 272,916</u>	<u>\$ 118,311</u>	<u>\$ -</u>	<u>\$ 391,227</u>

Fire District No. 9's two stations were damaged or destroyed by Hurricanes Katrina and Gustav in 2005 and 2008. The Parish of Jefferson was awarded a claim through FEMA to provide funds to replace the main station (Station 97 - see Note G.2). Station 97 opened in April 2011 and is now carried on the books of the Parish of Jefferson. The East Substation (Station 99) has been rebuilt and claimed with FEMA by GIVFD and is included in the assets above.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

4. Intergovernmental Contracted Services

During 2007, GIVFD entered into a cooperative agreement with the Grand Isle Volunteer Emergency Services, Inc. (GIVES), whereby GIVFD would provide accounting and administrative services and GIVES would reimburse it for the costs incurred. In addition, in order to save money and consolidate operations, the employees of GIVES were transferred to GIVFD. Now, GIVFD employees are cross-trained and are responsible for responding to both fires and emergencies. Again, GIVES is required to reimburse GIVFD for costs incurred. During 2017, this agreement was renewed and calls for GIVES to remit up to 85 percent of its millage allocation to GIVFD. During 2019, GIVES made payments totaling \$454,980 to GIVFD under this arrangement. This base amounted to 85.0 percent of GIVES' millage receipts for the current year.

Additionally, the Grand Isle Volunteer Fire Department (GIVFD) provides GIVES with the use of office space and some equipment at no cost. GIVES also now relies upon GIVFD for labor (see above).

NOTE E - ECONOMIC DEPENDENCE

The Parish Council is the official governing body of Fire District No. 9 of Jefferson Parish. To fund the operations of the district, the Parish levies an ad valorem tax each year. The Parish and GIVFD have 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 ad valorem tax revenues expected to be collected from taxes levied by the Parish. GIVFD and the Parish of Jefferson signed a new ten (10) year agreement in March 2018, with an effective date of December 1, 2017 through December 1, 2027.

In January 2011, the public approved a renewal of the 20 mill ad valorem tax for the Fire District No. 9 (which placed it back to its original maximum amount); however, the rate was rolled forward due to a decline in the tax roll. As such, 21.10 mills were levied on the 2018 tax rolls. The remittance of these taxes during 2019 totaled \$970,000. The base revenues from this contract account for a substantial portion (64.4 percent) of GIVFD's total revenues. GIVFD also received an additional \$9,500 in state fire insurance rebates from the Parish in 2019.

NOTE F - 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.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE F - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 GIVFD at December 31, 2019.

NOTE G - OTHER INFORMATION

1. Retirement

GIVFD's employees are members of the Social Security System. In addition to the employee contribution withheld at 7.65 per cent, GIVFD contributes 7.65 percent to the System. Aggregate pension costs for the year totaled \$71,539. GIVFD does not guarantee the benefits granted by the Social Security System.

In 1998, GIVFD began allowing certain employees to contribute to an IRA plan. GIVFD contributes 3 percent of the employee's gross salary as a match against that contributed by the employee. During 2019, the contribution to this plan totaled \$3,948, of which \$1,498 in matching funds was paid for by GIVFD and the participating employee paid the \$2,450 towards the plan. An additional \$200 was paid by the employee but has yet to be remitted. In addition, GIVFD paid prior year liabilities to the plan amounting to \$4,631 - \$3,000 from the employee and \$1,631 as a match from GIVFD. The total match of \$3,129 is recognized as an expense to GIVFD.

2. Expenses Paid by Others

The full-time firefighters of GIVFD who meet certain requirements receive supplemental pay from the State of Louisiana under the provisions of LRS 33:2002. The State pays this supplemental pay directly to the firefighters; therefore, the expense does not pass through these financial statements. State supplemental payments made to GIVFD employees totaled \$0- for 2019 per GIVFD's books. There were payments made during 2019; however, GIVFD failed to capture the amounts as taxable income. The supplemental pay is supposed to be included in the taxable income of the firefighters so that federal and state taxes may be applied.

3. Hurricanes Katrina and Rita

On August 29, 2005, Hurricane Katrina struck the area and Hurricane Rita struck on September 11, 2005. The Grand Isle area saw severe flooding and wind damage. GIVFD's main station was destroyed and the two substations received damage. In addition, emergency protective measures were performed by GIVFD personnel.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE F - OTHER INFORMATION (CONTINUED)

Net claims totaling \$358,320 have been filed with FEMA. After the local share and administrative fees are added in, FEMA's share is \$366,066. Through December 31, 2019, payments totaling \$406,330 have been received, including \$(1,268) in 2019. The difference of \$(40,264) has been recorded as unearned grant revenues at year end. This overpayment and deferral resulted from FEMA reclassifying some of the costs claimed under Katrina to Hurricane Ike, applying estimated insurance, and disallowing some claims. Current year revenues are \$(5,848) to reflect this activity.

Net claims under Rita totaling \$60,034 have been filed for labor and equipment. After disallowance of some claims and adding in the local share and administrative fees, FEMA's share is \$17,049. To date, payments totaling \$55,652 has been received, including \$-0- in 2019. The difference of \$(38,603) is included in unearned grant revenues at year end. Current revenues are \$-0-. FEMA/GOHSEP continues working towards closing these two disaster out.

4. Hurricanes Gustav and Ike

On August 29, 2008, Hurricane Gustav threatened the area and caused the evacuation of the Metropolitan New Orleans area, including Grand Isle. The Grand Isle area saw severe flooding and some wind damage. The Isle was evacuated for several weeks until utility service could be reestablished. Some damage was incurred and some emergency work was performed by GIVFD. Claims totaling \$241,754 have been filed with FEMA and \$1,254 have been disallowed and returned. After the local share and administrative fees are accounting for, FEMA's share is \$201,061. Through December 31, 2019, payments totaling \$254,139 have been received, including \$-0- in 2019. The difference of \$(53,078) is shown as unearned grant revenues at year end as these funds will be used in the future on several projects that FEMA has advanced funds on. Current revenues are \$-0-.

On September 12, 2008, Hurricane Ike passed just off of the coastline of the State of Louisiana and hit Texas. While the Grand Isle area was spared a direct hit, the storm surge from the hurricane did cause some tidal flooding. Some damage was incurred and some emergency work was performed by GIVFD. Claims totaling \$62,715 have been filed with FEMA. After applying estimated insurance and adding in the local share and administrative fees, FEMA's share is \$50,315. Through December 31, 2019, payments totaling \$86,067 have been received, including \$1,268 in 2019. This current year payment was really a credit taken on Hurricane Katrina (1603) for overpayments on some projects in that disaster. The difference of \$(35,752) has been recorded as a receivable of \$1,689 and as \$(37,441) in unearned grant revenues at year end. Current revenues are \$-0-. FEMA/GOHSEP continues working towards closing these two disasters out.

GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
d/b/a
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2019

NOTE G – SUBSEQUENT EVENT - COVID-19 PANDEMIC

Subsequent to year end, in early March 2020, the COVID-19 virus was declared a global pandemic, and unfortunately, it continues to spread rapidly throughout the United States. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been severely impacted for months, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The virus was highly prevalent in the Jefferson Parish area from March through the end of May 2020. By mid to late March, the Governor and Parish President issued stay-at-home orders and other restrictions to the businesses and citizens of the Parish. As of the date of this report, some of these orders are still in place.

Management of GIVFD is carefully monitoring the situation and evaluating its options during this time. Since most of its assets are short-term in nature, there is no effect on their fair value as of the date of this report. The various contracts and agreements are also still in place, therefore, future funding for these activities do not appear to be in jeopardy at this time. Also, since GIVFD's main revenue source is property taxes, it is not expected to be negatively impacted at this time. The 2019 tax roll has already been levied and the majority of funds have been collected by the Parish prior to this outbreak. The impact on the local economy, the assessed values of the tax rolls for 2020, and any future property tax levies will not be known until later in 2020 once the long-term impact of the pandemic is clearer. No adjustments have been made to these financial statements as a result of this uncertainty.

OTHER SUPPLEMENTAL INFORMATION

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

GOVERNMENTAL FUNDS - GENERAL FUND
DETAILED SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>
Intergovernmental	
Federal	
FEMA - Disaster Assistance	\$ (5,848)
State	
Fire Insurance Rebate	9,456
Local	
Jefferson Parish contract:	
Direct payments - ad valorem taxes - operations	970,000
Direct payments - ad valorem taxes - equipment	-
Grand Isle Volunteer Emergency Services	
Cooperative agreement	454,980
	<u>1,428,588</u>
Donations and gifts	
Other donations	-
	<u>-</u>
Interest	471
	<u>471</u>
Miscellaneous	
Sales of equipment	-
Other	78,227
	<u>78,227</u>
TOTAL REVENUES	<u>\$ 1,507,286</u>

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

GOVERNMENTAL FUNDS - GENERAL FUND
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General Fund</u>
Public Safety	
Current	
Personnel and related costs	
Salaries - Regular	\$ 544,439
Salaries - Medics	220,404
Salaries - Overtime	191,456
Payroll taxes	71,539
Retirement	3,129
Health insurance	176,076
Unemployment insurance	(357)
Workmens' compensation	68,046
	<u>1,274,732</u>
General and administrative costs	
Alarm monitoring	1,154
Bank charges	346
Bookkeeping and auditing	8,500
Conferences and conventions	8,770
Contracted services - other	6,420
Dues and subscriptions	500
Office and computer supplies	1,782
Copying and supplies	-
Postage	436
Phones	11,018
Utilities - electricity and water	15,651
Utilities - cable and internet	3,770
Leases/rentals - equipment	-
Licenses and certificates	90
Insurance - auto/general	44,771
Meals	93
Sanitation	550
Travel - hotels and meals	842
Groceries and supplies - station	17,277
	<u>121,970</u>
Emergency costs and supplies	
Firefighting supplies	37,478
Fire Prevention Week supplies	551
Gas and oil	5,790
Medical and emergency supplies	-
Training and educational	508
Uniforms and shirts	7,125
	<u>51,452</u>
Repairs and maintenance	
R & M - buildings	26,422
R & M - equipment and radios	1,527
R & M - vehicles and boats	22,412
	<u>50,361</u>
Miscellaneous	
Functions/events	-
Gifts, flowers, and donations	255
Other	4
	<u>259</u>
Capital outlay	
Buildings and grounds	-
Vehicles and rescue equipment	160,771
Equipment	3,874
Furniture and fixtures	-
	<u>164,645</u>
TOTAL CURRENT	<u>1,663,419</u>
Debt Service	
Principal	-
Interest	-
TOTAL DEBT SERVICE	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,663,419</u>

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

SCHEDULE OF COMPENSATION AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2019

Agency Head Name/Title:	(5)		
	Joel Bradberry, Fire Chief		
Purpose	Amount		
Salary	\$	89,222	
State Supplemental Pay		-	(1)
Benefits - Insurance (Group Health)		20,502	(2)
Benefits - Retirement		6,826	(3)
Benefits - Other		-	
Car Allowance		-	(4)
Vehicle Provided by Agency		-	(4)
Per Diem		-	
Reimbursements		-	
Travel (meal per diems)		-	
Registration Fees		-	
Conference Travel		-	
Continuing Professional Education Fees		-	
Housing		-	
Unvouchered Expenses		-	
Special Meals		-	

Notes to Schedule:

- (1) State Supplemental Pay is paid directly to the employee by the State of Louisiana. It is included in taxable wages to the employee by GIVFD so that federal and state payroll taxes can be paid on these wages.
- (2) GIVFD provides a group health plan to all employees along with some employee-pay coverage. For Joel Bradberry, this amount represents to the total premium of \$22,399 paid by GIVFD, less the amount paid by the employee of \$1,897.
- (3) GIVFD employees do not participate in any qualified state pension plans. Instead, they pay social security and medicare taxes. This amount represents the amount of taxes paid by the employer (GIVFD) on this employee's taxable wages.
- (4) GIVFD provides the Fire Chief with a take-home vehicle; however, no amount is considered taxable under the IRS rules for vehicles provided to firefighters. The use of the vehicle is considered to be a "working condition benefit". The vehicle meets the definition of "qualified non-personal use vehicle". Use of the vehicle is limited to in-parish travel (in general) and personal use is typically only made up of commuting. The car is primarily used for public safety/business purposes. The vehicle is also painted red and is clearly marked with GIVFD insignia.

COMPLIANCE SECTION

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Paul C. Rivera, CPA

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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, in accordance with the 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, the financial statements of the governmental activities and each major fund 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, 2019, and the related notes to the financial statements, which collectively comprise GIVFD's basic financial statements, and have issued my report thereon dated October 26, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered GIVFD's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GIVFD's internal control. Accordingly, I do not express an opinion on the effectiveness of GIVFD's internal control

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, I did identify certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected in a timely basis. I consider the deficiencies described in the accompanying Schedule of Findings and Responses as items SD 19-01 and SD 19-02 to be a material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying Schedule of Findings and Responses as items SD 19-03 and SD 19-04 to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether GIVFD's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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.

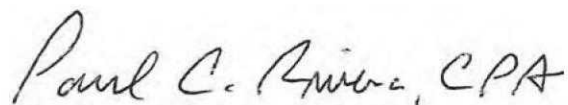
The results of my tests disclosed four instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*. See compliance findings CF19-01, CF19-02, CF19-03, and CF19-04 in the attached Schedule of Findings and Responses.

GIVFD's RESPONSES TO FINDINGS

GIVFD's responses to the findings identified in my audit are described in the accompanying schedule of findings and responses. GIVFD's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of GIVFD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 26, 2020
Marrero, Louisiana

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

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2019**

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, 2019, and have issued my report thereon dated October 26, 2020. 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, 2019 resulted in an unqualified opinion.

SECTION I - SUMMARY OF AUDITOR'S RESULTS

- A. The auditor's report expresses an unmodified opinion on the financial statements of GIVFD.
- B. Report on Internal Control and Compliance Material to the Financial Statements
Internal Control:
Two Material Weaknesses were noted. (See items SD 19-01 and SD 19-02 below).
Significant Deficiencies were noted (See below).

Compliance:
Instances of noncompliance material to the financial statements were noted (See below).
- C. Federal Awards - not applicable
- D. Identification of Major Programs - not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROLS

Material Weaknesses

SD Comment # 19-01 - Inadequate Segregation of Duties

Condition and Criteria - I noted that the size of GIVFD's operations is too small to provide for an adequate segregation of duties. The GIVFD's Office Manager/bookkeeper (the Assistant Fire Chief) 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 to the Board.

Cause – GIVFD does not have the funds to provide enough personnel to adequately segregate the duties.

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

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

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

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.

SD Comment # 19-02 – Failure to Backup Data Resulting in Loss of Computer Files

Condition and Criteria – Good internal control calls for the timely backup of financial data to an external source and for the data to be kept in a secure location away from the primary operating site. GIVFD has an external drive that is supposed to be utilized to back-up its QuickBooks data on a daily basis; however, prior to the audit beginning in the Spring of 2020, a power surge resulted in the computer crashing and the loss of data. When GIVFD tried to recover its backup data, it was discovered that the backups were not being done in a timely manner.

Cause – GIVFD’s records are maintained on QuickBooks. It was thought that the backup process was being followed; however, after a power surge crashed the computer in May 2020, it was discovered that no backups had been made since May 2019. Prior to the audit beginning, the administrative personnel had to re-enter seven months of data into QuickBooks.

Recommendation – The data on QuickBooks should be backed up daily. The external drive should be utilized and automatic backups should be scheduled.

Management’s Response – The GIVFD Administrative staff is aware of this and has already made the appropriate changes to the backup procedures to ensure that daily backups are being made. This should not happen again.

Significant Deficiencies

SD Comment # 19-03 - Preparation of Financial Statements by Auditor

Condition and Criteria - GIVFD does not have controls in place for proper oversight of its financial reporting and for the preparation of financial statements in accordance with generally accepted accounting principles. As is common in small organizations, GIVFD has chosen to engage the auditor to prepare its annual financial statements. This condition is intentional by management, along with the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Cause - Recently issued Statement of Auditing Standards (SAS) 115 requires that I report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

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

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

Recommendation - As mentioned, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies noted under SAS 115. In this case, I do not believe that curing the significant deficiency described in this finding would be cost effective or practical and accordingly, I do not believe any corrective action is necessary.

Management's Response - GIVFD's staff is familiar with the day-to-day accounting requirements; however, due to limited staffing and funding, we do not consider it practical to provide sufficient training to our staff in order to eliminate this condition and can only continue to rely on the auditor to prepare the financial statements at this time.

SD Comment # 19-04 – Maintaining Proper Fixed Asset Records

Condition and Criteria - GIVFD does not maintain a formal fixed assets ledger. Instead, it has chosen to utilize an excel spreadsheet that was developed by the external auditor to maintain a schedule of general fixed assets, which is adjusted each year during the audit. By not maintaining a true general ledger on fixed assets, GIVFD must wait until year end to calculate and post depreciation on fixed assets. Additions and disposals of fixed assets are also not recorded until year-end.

Cause - GIVFD's software system (QuickBooks) was not set up to record and depreciate fixed assets.

Recommendation - GIVFD should work towards entering the records relating to the fixed assets into the QuickBooks software system. This would also allow for the timely capitalization and depreciation of all fixed assets.

Management's Response - We will look into doing this for the next fiscal year audit. Since we record our activity on a "cash-basis" of accounting, we do not see this as a must and are satisfied with relying on the year-end audit adjustments to reflect capitalization and depreciation activity. We do maintain asset inventory listings for insurance purposes that reconcile back to our accounting records and we performed a physical inventory at the beginning of 2019. This inventory was also reconciled back to the audit list.

Cause - We reorganized some of the administrative duties during 2019 among employees and, apparently, this procedure of capturing the amounts withheld and calculating the match was lost in the mix.

Recommendation - GIVFD needs to calculate the match due for all of the amounts withheld in 2019 and remit them as soon as possible. They also need to remind the bookkeeper that this calculation and remittance must happen each month.

Management's Response - This was an oversight on our part. We will ensure that the amounts due are paid in 2019 and that a process is put in place so that all future remittances are done on a timely basis.

**GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1 (GIVFD)
D/B/A
FIRE PROTECTION DISTRICT NO. 9 OF JEFFERSON PARISH
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

COMPLIANCE FINDINGS AND OTHER MATTERS:

Compliance Findings

CF Finding #19-01 – State Supplemental Pay Not Being Captured and Taxed in Payroll Records

Condition and Criteria – Federal tax regulations along with State Supplemental Pay guidelines require the amount of state supplemental pay that is paid directly by the State (the “third-party payer”) to the firefighters to be picked up by GIVFD in its payroll records as “taxable income”. The employee and employer are then supposed to pay any applicable federal and state income taxes on this income.

Finding - During 2019, I noted \$-0- of state supplemental pay being recorded in the payroll records when prior years recorded amounts much higher. Thus, it appears that GIVFD is not properly recording and taxing the state supplemental income.

Management’s Response – We reorganized some of the administrative duties during 2019 among employees and, apparently, this procedure of capturing the supplemental pay was lost in the mix. We will ensure that the pay is properly recorded and taxed in 2020.

CF Finding #19-02 – State Withholding Taxes Were Not Remitted at Year-end

Condition and Criteria – State tax regulations require that GIVFD withhold state income taxes from its employees and remit them to the state at the end of each month and/or quarter.

Finding - During 2018, I noted that GIVFD had not remitted the state withholding taxes for the 4th quarter of 2018 in the amount of \$5,282. It had made a double payment in the 3rd quarter of 2018 for \$4,106, which it applied against this amount, leaving a balance due at year-end of \$1,176. This amount was remitted in 2020; along with the first quarter taxes of 2020 in the amount of \$5,055. Other than this, there have been no remittances to the State for 2019 taxes during the year. At year end, the liability totaled \$18,001. Subsequent payments totaling \$14,807 were made in 2020 as the State Department of Revenue sent estimated tax liability notices.

Management’s Response – As previously noted, we reorganized some of the administrative duties during 2019 among employees and, apparently, this procedure of remitting the state taxes was lost in the mix. As of the date of this report, we have remitted all taxes due to the State for 2019 and 2020.

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

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

CF Finding # 19-03 – Payroll Garnishments Not Being Remitted on a Timely Basis

Condition and Criteria – Federal and State guidelines regarding payroll garnishments require an employer to withhold certain dollar amounts from an employee’s pay check and remit the amount to a designated trustee until the garnishment is satisfied.

Finding - During my testing of payroll and related benefits, I noted that GIVFD owed \$6,440 on garnishments withheld in 2018, and had withheld an additional \$10,118 in garnishments from an employee during 2019; however, as of the end of the year, only \$11,718 had been remitted to the designated trustee, leaving a liability of \$4,840 on the books at year end. Thus, it appears that GIVFD is withholding amounts for garnishments but it is not remitting its garnishments on a timely basis in accordance with the garnishment orders.

Management’s Response – This appears to be an oversight on our part. The payroll system is calculating the amount to be withheld and then we are calculating a different amount using the garnishment remittance worksheet provided by the trustee. We actually looked at this already in early 2019 and remitted the bulk of the amounts due. It appears that the garnishment has been satisfied, thus, we may only owe the money back to the employee. We will make sure this does not recur in 2020.

CF Finding # 19-04 – Violation of Parish Cooperative Endeavor Agreement Concerning Capital Asset Purchases and Dispositions

Condition and Criteria – GIVFD provides fire protection services to the district as per a cooperative endeavor agreement with the Parish of Jefferson signed in March 2018. Under this CEA, the assets purchased by GIVFD utilizing “public” funds provided by the Parish are to be used and maintained by GIVFD but they are to be “titled” in the District’s name. Under Section I.3.b, GIVFD “shall notify the Director of the Office of Fire Services prior to purchasing any vehicles, equipment, or apparatus valued at \$100,000 or greater. Section I.3.j. states that “if District owned property in GIVFD’s possession is replaced, becomes obsolete, or is no longer in use, then said property shall be surrendered by GIVFD to the Jefferson Parish Surplus Property facility”.

Finding - During my testing of fixed assets, I noted that GIVFD purchased a new 24 foot boat, two new motors and a trailer for \$160,771. No written evidence of approval for the purchase from the Parish prior to it being made could be provided. Also, the engine of the wave-runner unit (SRT-5) was “blown” and disposed of, rendering the wave-runner inoperable. The engine was not repaired or replaced and it was not sent to the Parish’s surplus facility for disposal. Instead, it was discarded by GIVFD.

Management’s Response – While there is no written evidence of approval on the boat, we did make it known to the Parish that we were interested in purchasing a boat, which is why we assigned \$200,000 of the 2018 capital millage money to its purchase. On the wave-runner engine, we did not realize we had to use the Parish surplus facility for broken items such as this. We will make sure to notify the Parish in writing on future fixed asset activity.

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

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
For the Year Ended December 31, 2019**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

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
SD# 18-01	Inadequate Segregation of Duties	See CY Comment SD # 19-01
SD# 18-02	Preparation of Financial Statements by Auditor	See CY Comment SD # 19-03
SD# 18-03	Maintaining Proper Fixed Asset Records	See CY Comment SD # 19-04
SD# 18-04	Payroll Records Missing or Incomplete	Resolved. No such issue noted in 2019.
SD# 18-05	Retirement Plan Remittances Not Being Made	Resolved. No such issue noted in 2019.
CF# 18-01	State Supplemental Pay Not Being Captured and Taxed in Payroll Records	See CY Comment CF # 19-01
CF# 18-02	State Withholding Taxes Were Not Remitted at Year End	See CY Comment CF # 19-02
CF# 18-03	Improper Expenses- Health Insurance Premiums Paid for Terminated Employee	Resolved. No such issue noted in 2019.
CF# 18-04	Payroll Garnishments Not Being Remitted on a Timely Basis	See CY Comment CF # 19-03

(END OF REPORT)

**AGREED-UPON PROCEDURES REPORT
GRAND ISLE VOLUNTEER FIRE DEPARTMENT
D/B/A JEFFERSON PARISH FIRE DISTRICT NO. 9, LOUISIANA**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

For the Period from January 1, 2019 to December 31, 2019

To the President and Board of Directors of
Grand Isle Volunteer Fire Department
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Grand Isle Volunteer Fire Department, d/b/a Fire District No. 9 – Grand Isle (“GIVFD”), a non-profit entity, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the period January 1, 2019 through December 31, 2019. The GIVFD’s management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity’s written policies and procedures and observe whether those written policies and procedures address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

RESULTS: EXCEPTION NOTED - GIVFD has formal written policies and procedures when it comes to these various categories, except for contracting, credit cards, travel and expense reimbursements, and disaster recovery/business continuity procedures. Ethics and Debt Service are not applicable to the non-profit entity.

Board (or Finance Committee, if applicable)

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

RESULTS: EXCEPTION NOTED - the GIVFD Board is scheduled to meet monthly; however, per the minutes, the Board only met once during 2019. Most of the meetings were cancelled due to a lack of a quorum. Apparently, some of the Board members stepped down during the year and there weren't enough members to reach a quorum for part of the year.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major Special Revenue Funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

- Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

RESULTS: EXCEPTION NOTED – as noted above, the Board only met once in 2019 and the minutes for that meeting did not reference any financial reports.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

RESULTS: Not Applicable.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account.

RESULTS: I obtained a list of bank accounts from GIVFD's management and management's representation that the list was complete. Per the listing, GIVFD maintained 4 bank accounts during the fiscal year, 3 of which received/contained public funds.

Select the main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statements and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

RESULTS: Based on the number of accounts maintained by GIVFD, I selected the three public accounts for testing (General Checking, Payroll and Savings). For those accounts, bank reconciliations were obtained for the month of December 2019, without exception. The bank reconciliations were prepared within 2 months of the closing date, without exception.

EXCEPTIONS NOTED – there was no evidence (initials or signatures) that the bank reconciliations were reviewed and approved by the Fire Chief or any other member of management.

EXCEPTION NOTED – there was no evidence (initials or other notations) that the Assistant Fire Chief or anyone else had reviewed the bank reconciliations for old outstanding items. In fact, at year end, there were several items older than 12 months that were ultimately written off as part of the audit.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

RESULTS: I obtained a list of deposit sites from GIVFD and management's representation that the list was complete. Per the listing, GIVFD's main station on Chighizola Lane, Grand Isle, LA is the only deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete.

RESULTS: I obtained a list of collection locations from GIVFD and management's representation that the list was complete. Per the listing, GIVFD's main station on Chighizola Lane, Grand Isle, LA is the only collection location.

Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that the job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit
- c) Each employee responsible for collecting cash is not responsible for posting collections entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

RESULTS: EXCEPTIONS NOTED - I reviewed the written policies or procedures for cash collections and noted that the Assistant Fire Chief is primarily responsible for all cash collection and deposit procedures (i.e., there is not a proper segregation of duties). I observed the following: a) cash drawers are not used; b) cash collections are made by a single employee (the Assistant Fire Chief) who also makes the deposit; c) the employee (Assistant Fire Chief) who collects cash does post entries to the general ledger; however, monthly reports are provided to the Fire Chief and the Board for review and approval; and d) the employee (the Assistant Fire Chief) responsible for reconciling cash collections to the general ledger is responsible for collecting cash.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

RESULTS: EXCEPTION NOTED – GIVFD does not carry an insurance policy/surety bond on all employees handling cash and/or deposits.

7. Randomly select two deposit dates for each of the bank accounts selected in procedure 3 under Bank Reconciliations above. Obtain supporting documentation for each of the deposits selected and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$10).
 - e) Trace the actual deposit per the bank statement to the general ledger.

RESULTS: These procedures were completed without exception.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

RESULTS: I obtained a listing of locations that process payments for GIVFD and I obtained management's representation that the listing was complete. Per management, all payments are processed at the main fire station on Chighizola Lane, Grand Isle, LA.

9. For each location selected in Step 8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or GIVFD the signed checks to an employee to mail who is not responsible for processing payments.

RESULTS: EXCEPTIONS NOTED – There were written policies or procedures for processing payments; however, the policies indicate that the Assistant Fire Chief is responsible for most cash disbursement responsibilities (i.e., no segregation of duties). I also observed the following: a) at least two people are involved in initiating most purchases (the Fire Chief and/or the Assistant Fire Chief), b) the Assistant Fire Chief approves all invoices for payment (i.e., there are not two employees involved in this function), c) the Assistant Fire Chief is responsible for processing payments AND he has access to vendor files in QuickBooks, which includes the ability to add or delete as needed and no other employee reviews these changes, and d) the Assistant Fire Chief processes the payments AND is responsible for mailing the signed checks to vendors (although the checks do require two signatures).

10. For each location selected in Step 8 above, obtain the entity's non-payroll disbursement transaction population (excluding credit cards and travel reimbursements) and obtain management's representation that the population is complete.

RESULTS: I obtained a listing of non-payroll disbursement transactions and I obtained management's representation that the listing was complete. For testing purposes, I used the detailed general ledger.

Randomly select 5 disbursements for each location, obtain documentation for each transaction, and:

- a) Observe that the disbursement matched the related original invoice/billing.
- b) Observe that the disbursement documentation include evidence (e.g., initial/date, electronic logging) of segregation of duties tested under Step 9, as applicable.

RESULTS: EXCEPTION NOTED – I randomly selected 5 transactions for testing and observed that all 5 of the transactions were supported by a matching invoice or statement. The 5 transactions did not include evidence of who initiated the purchase or who approved the invoice for payment.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

RESULTS: I obtained a listing of all active credit cards, including the card numbers and the names of the persons assigned the cards. I also obtained management's representation that the listing is complete. During the year, GIVFD utilized one (1) corporate credit cards/account.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts or credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

RESULTS: EXCEPTION NOTED - I obtained a monthly statement for the credit card and observed that there is no evidence that it was reviewed and approved by anyone other than the Assistant Fire Chief, whose name appears on the cards/accounts. (i.e., not reviewed by someone other than the account holder).

- b) Observe that finance charges and/or late fees were not assessed on the selected statements.

RESULTS: This procedure was performed without exception.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transaction if less than 10) from each statements, and obtain supporting documentation for the transaction (i.e., each card should have 10 transaction subject to testing). For each transaction, observe that it is supported by:

- An original itemized receipt that identifies precisely what was purchased;
- Written documentation of the business/public purpose; and
- Documentation of the individuals participating in meals (for meal charges only)

RESULTS: This procedure was performed without exception.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete.

RESULTS: I obtained a listing of all travel and related expenditures charged to the various general ledger accounts. I obtained management's representation that the general ledger was complete.

Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement was supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (see Step 1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

RESULTS: My review of the general ledger and discussions with management indicated that there were several travel expenses for conferences and per diems paid during the year. All of the per diem items tested appeared to be in compliance with the established per diem rates (and in accordance with GIVFD's adopted per diem rates).

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete.

RESULTS: I obtained the general ledger from GIVFD and scanned it for contract payments on professional services, materials and supplies, leases or construction activities. I obtained management's representation that the general ledger was complete. I only noted one (1) contract for contracted services or purchases other than those to the practitioner or that were made on state contract.

Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bides, advertised), if required by law.

RESULTS: No exceptions noted - the one purchase that was made for a 24 foot boat with motors and a trailer that would require bids was made under a GSA contract, which is allowed under the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason act, Home Rule Charter).

RESULTS: EXCEPTION NOTED – The purchase of the 24 foot boat with motors and trailer in 2019 should have been approved by the Board and Jefferson Parish’s Director of Fire Services; however, I found no evidence in the minutes available that approval was given and no written evidence that the Parish approved the purchase.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.

RESULTS: There were no contract amendments noted during 2019.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and condition of the contract.

RESULTS: This procedure was completed without exception.

Payroll and Personnel

- 16. Obtain a listing of employees and elected officials employed during the fiscal period and management’s representation that the listing is complete.

RESULTS: I obtained a listing of all employees who received payments during the fiscal year (the payroll summary) and I obtained management’s representation that the listing was complete.

Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

RESULTS: I traced the hourly wages paid for each of the five employees selected from the payroll journals to the approved pay schedule maintained by the Assistant Fire Chief, without exception.

- 17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under Step 16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

RESULTS: For the 5 selected, I picked the October 17, 2019 pay period for testing. These procedures were performed without exception.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

RESULTS: These procedures were performed without exception.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records.

RESULTS: These procedures were performed without exception.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete.

RESULTS: I inquired of GIVFD management and scanned the payroll summary. I noted no employees being terminated during 2019 and obtained management's representation that this was true.

Randomly select 2 employees/officials, obtain related documents of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/official's cumulative leave records, and agree the pay rates to the employee/official's authorized pay rates in the employee/officials personal file.

RESULTS: Not Applicable – See explanation for Item 18 above.

Obtain management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers compensation premiums have been paid, and associated forms have been filed, by required deadlines.

RESULTS: I obtained the management's representation that the employer and employee portions of federal and state taxes, retirement contributions to the 401k Retirement Plan, health insurance premiums, and workers compensation premiums have been paid, except as noted. Management has also represented that all required forms have been filed with the respective agencies by the required deadlines, except as noted.

EXCEPTION NOTED – GIVFD has not, as of the balance sheet date, remitted the state withholding taxes for the quarters ending 12/31/18, 6/30/19, 9/30/19 or 12/31/19. As of 12/31/19, the amount due to the State was \$18,002. Subsequent payments were made to the State in 2020 based on delinquent notices.

Ethics (excluding nonprofits)

19. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics compliance documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

RESULTS: Not Applicable to non-profit entities.

Debt Service (excluding nonprofits)

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

RESULTS: Not Applicable to non-profit entities.

21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

RESULTS: Not Applicable to non-profit entities.

Other

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete.

RESULTS: I inquired of management about whether any misappropriations of public funds or assets had occurred during the fiscal year. Per management, no misappropriations occurred or were known about, thus, no list was produced.

Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

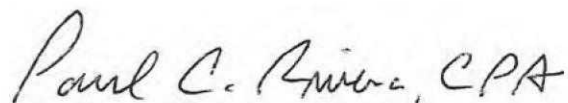
RESULTS: Not Applicable – No misappropriations identified by management.

23. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

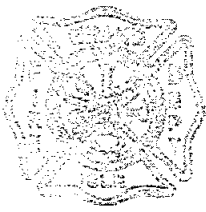
RESULTS: GIVFD has posted the LLA Fraud Hotline Poster in its main station in the kitchen/break room on the bulletin board. It does not have an official website; therefore, the requirement to post to the website is not applicable.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Paul C. Rivera, CPA
Marrero, Louisiana
October 26, 2020



GRAND ISLE FIRE DEPARTMENT

P. O. Box 860, Grand Isle, LA 70358, Office: 908-737-2777 * Fax: 908-737-3040

October 26, 2020

Paul C. Rivera, CPA and the
Louisiana Legislative Auditor

We appreciate this opportunity to provide explanations for any exceptions noted during the application of the Louisiana Legislative Auditor's Agreed-Upon Procedures (AUPs) for the period January 1, 2019 to December 31, 2019. As a quasi-public non-profit entity, we do the best we can with the small staff that we have. We are committed to providing the best services to the citizens of our Fire District and spending the public money provided to us in the most efficient manner possible.

In regards to the exceptions noted during the AUPs, we offer the following:

AUP 1 - No written policies and procedures for various financial and business functions.

RESPONSE: Due to the small size of the financial staff of GIVFD (basically 1 full-time administrative employee), we have never been able to achieve a proper segregation of duties in the various financial functions, such as purchasing, disbursements, receipts, contracting, etc. Typically, formal policies and procedures are set in writing to document the flow of transactions and the internal controls and segregation of duties that are established. Since we are unable to do so, we have never felt that the cost/benefit of incurring the time and cost in documenting all of our policies and procedures warranted such an endeavor. We have drafted some guidelines for the Grand Isle Fire Department; however, we have yet to draft formal procedures for the areas noted. Our administrative staff is well-established and has years of experience on the job. They are well versed in what needs to be done and what our policies and procedures are, even if they are not in writing. We will look to drafting these policies for next year.

AUP 2a) – The GIVFD Board only met once during the year and did not have enough members to reach a quorum for most of the year.

RESPONSE: We experienced some turnover on our board in 2018 and have been unable to find volunteers who meet the criteria established in our by-laws to sit on our board. We were actively recruiting members during most of 2019 and were finally able to sit enough members to reach a quorum for one meeting in 2019. Given that we are located in a small rural fishing community, it is not easy to find volunteers to serve on our board. We are still two members short but are currently recruiting to completely fill the board.

AUP 2b) – Financial data was not presented to the Board.

RESPONSE: The Assistant Fire Chief does prepare monthly financial statements that are presented to the Fire Chief and to the Board President. Since the Board was unable to meet for most of the year, the financial data was not “officially” reviewed. The minutes of the one meeting that was held did not refer to the financial data specifically, but the financial reports were handed out to the board members in attendance. We will work to make sure that future meeting minutes reflect that the financial activity is being reviewed.

AUP 3b) – There was no evidence (initials or signatures) that the bank reconciliations were reviewed and approved by the Fire Chief or any other member of management.

RESPONSE: The Assistant Fire Chief prepares the bank reconciliations each month and includes them in the board financial package. We did not have a procedure in place whereby the Fire Chief or the Board President would sign/initial the bank reconciliations signaling a review or approval. We will look to establish this procedure in 2020.

AUP 3c) – There was no evidence (initials or other notations) that the Assistant Fire Chief or anyone else had reviewed the bank reconciliations for old outstanding items. In fact, at year end, there were several items older than 12 months that were ultimately written off as part of the audit.

RESPONSE: The Assistant Fire Chief normally makes this review at the end of the year when closing out the books in December. It is true that several items were ultimately voided and written off. We will look to make sure that this process is completed prior to closing out the books in 2020.

AUP 5b,c, and d – The employee responsible for collecting cash is responsible for preparing/making bank deposits; the employee responsible for collecting cash is responsible for posting collections to the general ledger; and the employee responsible for reconciling cash collections to the general ledger by revenue source is responsible for collecting cash.

RESPONSE: As noted previously, GIVFD operates with a small staff. The Assistant Fire Chief handles most administrative and accounting duties. We do not have the funds to hire additional staff to address this situation at this time. We actually do not collect cash in too many instances anyway. The bulk of our collections come via ACH or check from the Parish or the State. We don’t believe there are enough opportunities for the Assistant Fire Chief to steal cash that would require us to hire additional personnel. We also have some mitigating controls in place to monitor revenues and cash collections.

AUP 6 – GIVFD does not carry an insurance policy/surety bond on all employees handling cash and/or deposits.

RESPONSE: As noted previously, GIVFD operates with a small staff. The Assistant Fire Chief handles most administrative and accounting duties. We actually do not collect cash in too many instances anyway. The bulk of our collections come via ACH or check from the Parish or the State. We don’t believe there are enough opportunities for the Assistant Fire Chief to steal cash that would require us to hire additional personnel. We don’t believe the risk versus the cost of the premiums warrant this expense.

AUP 9b, c, and d – There are not two employees involved in approving payments to vendors. The approval is typically made by the Fire Chief or the Assistant Fire Chief. The employee responsible for processing payments (the Assistant Fire Chief) can also add/modify the vendor files in QuickBooks. Finally, the employee responsible for signing checks (the Assistant Fire Chief) also mails the payment to the vendor.

RESPONSE: As noted previously, GIVFD operates with a small staff (essentially 1 administrative employee). The Assistant Fire Chief handles most administrative and accounting duties. Under our guidelines, the Assistant Fire Chief has expenditure approval and approves all purchase orders and invoices for payment. Also, we utilize QuickBooks as our in-house general ledger/accounting package. QuickBooks does not really contain any controls over adding or deleting vendor files. Since we only have one employee involved in the financial office, he has access to the vendor files and can add or delete at will. Finally, the Assistant Fire Chief does have the responsibility of mailing the checks after they are signed; however, it should be noted that the checks do require two signatures (i.e., not just from the Assistant Fire Chief)

We have tried to put mitigating controls in place by having the Assistant Fire Chief present financial data to the Board on a monthly basis. We also require dual signatures on all checks. Since the Fire Chief is fairly involved in the operations, his involvement and reviews provide some relief to the fact that the Assistant Fire Chief can add or delete vendors without review or approval. We are cognizant of the lack of segregation of duties within the financial office and will continue to monitor financial activity accordingly.

AUP 10b - Of the 5 non-payroll disbursements tested, 5 of the 5 transactions had no evidence that the transaction was approved by someone other than the person who initiated the purchase.

RESPONSE: As noted previously, GIVFD is a small entity with only 1 administrative employee (the Assistant Fire Chief). Our expenditure guidelines give the Assistant Fire Chief authority to make purchase and payment approvals without someone else's approval. We do have mitigating controls in place in that two people must sign the checks before payment is issued. The Board also reviews the expenses each month (when a meeting is held).

AUP 12a - There was no evidence that the credit card statements and activity were being reviewed and approved by anyone other than the Assistant Fire Chief, whose name appears on one of the cards/accounts.

RESPONSE: The statement is treated like any other invoice in our system and was not being "stamped" as approved for payment nor was it being reviewed by someone other than the Assistant Fire Chief. We will look to possibly adding a process where the invoice is stamped "approved for payment" and initialed by the Fire Chief in 2020.

AUP 13b- There was no evidence that the Board approved the purchase of the 24 foot boat (with motors and trailer), nor was there written evidence that the Jefferson Parish's Director of Fire Services approved the purchase prior to it being made (as required in Section I.3.b. of the cooperative endeavor agreement with the Parish).

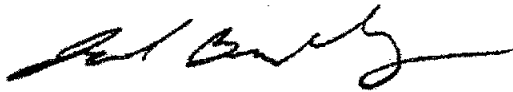
RESPONSE: The Fire Chief made the decision to purchase the boat and had made it known to the board and the Parish, although maybe not in writing. Because we could not make a quorum with our limited board members, we did not meet to officially approve the purchase. We will make sure that we notify the Parish's Director of Fire Services in writing in the future.

AUP 18 – GIVFD has not remitted \$18,002 in state taxes withheld for the quarters 12/31/18, 6/30/19, 9/30/19, or 12/31/19 as of the balance sheet date.

RESPONSE: We acknowledge that we fell behind on our tax remittances; however, in 2020, these taxes were remitted as delinquent notices were received from the state. As of the date of this report, all state taxes have been remitted.

We hope that our answers address any concerns raised from the exceptions noted. We will work towards improving our processes and procedures to minimize or reduce any such exceptions in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Conroy", written over a faint dotted line.

Fire Chief
Grand Isle Volunteer Fire Department