

**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, 2018**

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## **FINANCIAL SECTION**

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# Paul C. Rivera, CPA

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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, 2018, 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, 2018 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.

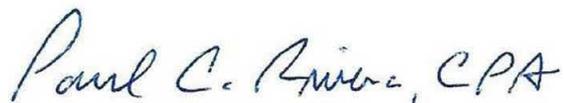
### *Other Information*

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 June 27, 2019, 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.



June 27, 2019  
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, 2018. 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 \$590,007 (*Net Position*). Of this amount, \$272,916 or 46.3 percent is invested in capital assets, such as building, vehicles and firefighting equipment, net of any related debt. The remaining balance of \$317,091 (*Unrestricted Net Position*) or 53.7 percent represents the amount available to meet the entity’s ongoing obligations to citizens and creditors.
- GIVFD’s total Net Position increased by \$184,476 or 45.5 percent during the current year because total revenues exceeded expenses by that amount. The majority of the increase is due to the \$200,000 equipment grant received from the Parish that will be spent in 2019 on a search and rescue boat.
- As of the close of the current fiscal year, GIVFD’s governmental fund (the General Fund) reported a fund balance of \$317,091, an increase of \$222,784 or 236.2 percent in comparison with the prior year. The primary reason for the increase was the \$200,000 equipment grant from the Parish.
- 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 \$367,418 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 2018, FEMA continued to work on old outstanding project worksheets. There is still \$175,850 recognized in deferred revenues awaiting closure from FEMA.

## ***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 31 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 \$590,007 at December 31, 2018, an increase of \$184,476 or 45.5 percent.

A large portion of GIVFD’s Net Position (\$272,916 or 46.3 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 2018 and 2017.

#### **GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1**

	Governmental Activities <u>2018</u>		Governmental Activities <u>2017</u>	
Current and other assets	\$ 506,812		\$ 285,100	
Capital assets	272,916		311,224	
Total assets	<u>779,728</u>		<u>596,324</u>	
Long-term liabilities outstanding	0		0	
Other liabilities	189,721		190,793	
Total liabilities	<u>189,721</u>		<u>190,793</u>	
Net assets:				
Invested in capital assets, net of related debt	272,916	46.3%	311,224	76.7%
Restricted	0	0.0%	0	0.0%
Unrestricted	317,091	53.7%	94,307	23.3%
Total net assets	<u>\$ 590,007</u>		<u>\$ 405,531</u>	

The balance of *Unrestricted Net Position* is \$317,091 or 53.7 percent at December 31, 2018.

At December 31, 2018, GIVFD is able to report positive fund balances in all three categories of Net Position.

GIVFD’s Net Position increased by \$184,476 or 45.5 percent during the current fiscal year.

**Governmental Activities.** During 2018, governmental activities increased GIVFD's Net Position by \$184,476. Key elements of this increase are shown below as compared to 2017.

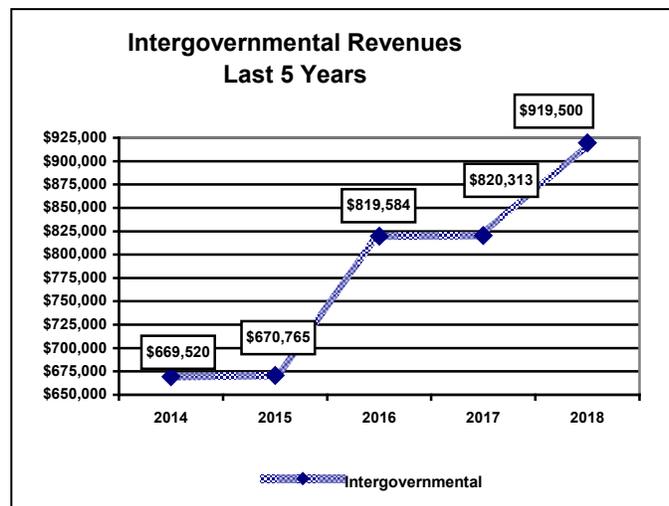
**GRAND ISLE VOLUNTEER FIRE COMPANY NO. 1**

	Governmental Activities		Governmental Activities	
	2018		2017	
Revenues:				
Program revenues:				
Charges for services	\$ -	0.0%	\$ -	0.0%
Operating grants and contributions	367,418	24.3%	326,050	27.8%
Capital grants and contributions	200,000	13.2%	-	0.0%
General revenues:				
Intergovernmental	919,500	60.7%	820,313	69.9%
Unrestricted interest	236	0.0%	385	0.0%
Gain (loss) on sale of equipment	-	0.0%	-	0.0%
Unrestricted gifts and donations	500	0.0%	520	0.0%
Miscellaneous	27,392	1.8%	26,977	2.3%
Total revenues	<u>1,515,046</u>	<u>100.0%</u>	<u>1,174,245</u>	<u>100.0%</u>
Expenses:				
Public Safety	1,330,570	100.0%	1,276,686	100.0%
Total expenses	<u>1,330,570</u>	<u>100.0%</u>	<u>1,276,686</u>	<u>100.0%</u>
Increase in net position	184,476		(102,441)	
Net position - Beginning of year	405,531		507,972	
Net position - end of year	<u>\$ 590,007</u>		<u>\$ 405,531</u>	

➤ Operating grants of \$367,418 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 2018, GIVES paid GIVFD \$367,418, a decrease of \$(28,679). The decrease was due to GIVES only remitting 70.3 percent of its millage in 2018 instead of the maximum amount of 85.0 percent. In 2018, FEMA revenues total \$-0-. In the prior year, FEMA revenues totaled \$(70,047) due to the disallowance of some previously allowed disaster claims.

➤ Capital grants totaled \$200,000 and represent funds received from the Parish dedicated to purchasing equipment in the future (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 2018, the millage rate levied was 21.10 mills (slightly more than last year). This allocation came in at \$910,000 for 2018 and \$810,000 for 2017.

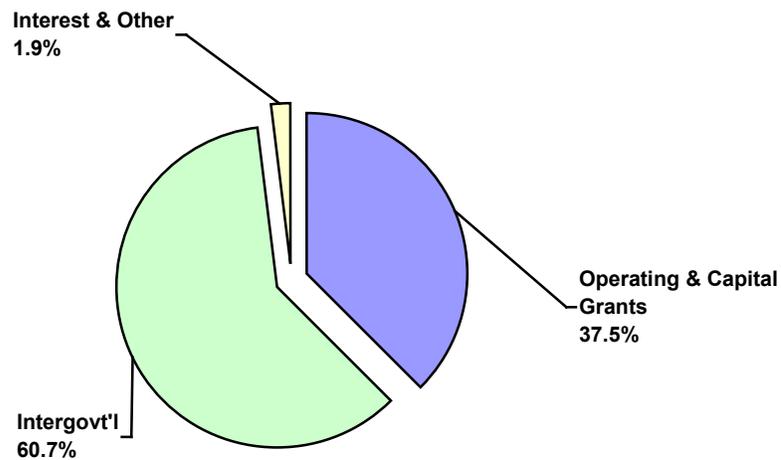


The State also remits a fire insurance rebate to each fire company. For 2018 and 2017, this amount was \$9,500 and \$10,313, respectively. The graph shows the amount of intergovernmental revenues received by GIVFD over the past five years.

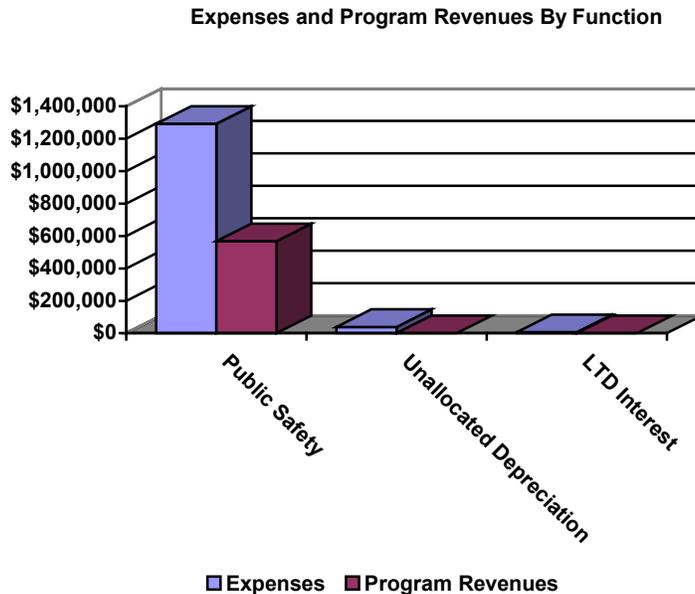
- Unrestricted gifts and donations totaled \$500 in 2018 and \$520 in 2017. This amount was made up of donations from businesses and citizens to help finance the office (and varies by year).
- Miscellaneous income totaled \$27,392 in 2018 and \$26,977 in 2017, mostly dividends from LWCC on workers compensation program (\$27,392 in 2018 and \$26,645 in 2017).

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

### Revenues by Source - Governmental Activities



Expenses totaled \$1,330,570, including current year depreciation of \$38,907. 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 \$567,418 (see above), leaving a net revenue (cost) to citizens of GIVFD of \$(763,152). The cost is primarily funded by the general revenues discussed above. A graph comparing the expenses with the program revenue generated is presented below.



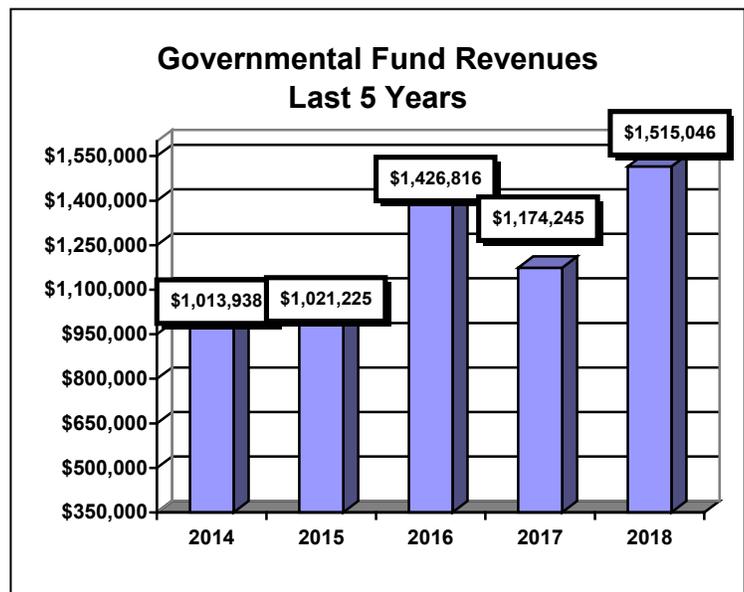
**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

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, 2018, GIVFD’s governmental fund (i.e., the General Fund) reported ending fund balance of \$317,091, an increase of \$222,784 or 236.2 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 cooperative agreement with Grand Isle Volunteer Emergency Services (GIVES) to provide administrative support brought in \$367,418 in 2018 (down \$28,679). The millage allocation from the Parish brought in \$910,000, which was \$100,000 more than last year. The Parish also disbursed \$200,000 to GIVFD for an equipment grant in 2018.

Miscellaneous income totaled \$27,392 in 2018 (up \$415). This amount is primarily made up of refunds from the workman's compensation carrier (LWCC). The 2018 refund totaled \$27,392 and was \$26,645 in 2017.

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 6.3 percent of total general fund expenditures. This is a decrease from the 7.6 percent noted last year. \$200,000 of the General Fund's fund balance is "assigned" for the purchase of equipment in 2019 (a search and rescue boat).

The fund balance of GIVFD's General fund increased by \$222,784 during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$1,515,046, while expenditures totaled \$1,292,262.
- Revenues were made up of:
  - Intergovernmental revenues included \$9,500 of state fire insurance rebates.
  - Intergovernmental revenues also included an allocation from Jefferson Parish (i.e., Property taxes) totaling \$910,000, which is \$100,000 more than 2017. The number of mills levied on the 2017 tax roll was 21.10 (which is the same as the prior year). The Parish also provided an additional \$200,000 in ad valorem taxes for future equipment purchases.
  - Intergovernmental revenues also included \$367,418 from the cooperative agreement with the Grand Isle Volunteer Emergency Services to provide administrative support to the ambulance department. This amount decreased from last year. GIVES was able to remit 70.3 percent of its millage to GIVFD to cover costs.
  - Donations and gifts totaled \$500 in 2018.
  - Miscellaneous revenues total \$27,392, including mostly LWCC dividends.
- Expenditures totaled \$1,292,262:
  - Personnel and related costs totaled \$1,072,746 or 83.0 percent of expenditures – salaries amounted to \$782,959 and benefits totaled \$289,787. This category increased \$71,788 or 7.2 percent from 2017. Most of the increase relates to regular salaries (down \$51,113), offset by an increase in salaries for medics (up \$86,564) and an increase in overtime (up \$16,767). Health insurance increased \$33,982 and workmen's compensation insurance decreased by \$(15,490).
  - General and administrative costs totaled \$111,121 or 8.6 percent of expenditures – insurance was \$67,643, electricity was \$17,329, conferences and convention costs were \$14,119, phones were \$9,641, bookkeeping and audit fees totaled \$8,500, groceries and station supplies were \$6,425, cable and internet access totaled \$4,517, office supplies totaled \$4,179, dues and subscriptions were \$2,327, bank charges were \$1,357, and equipment rental (copier and oxygen tanks) was \$1,242. In total, this category increased \$1,979 or 1.8 percent from last year. Insurance was down \$(6,141) due to a change in brokers and coverages, legal fees were down \$3,233 (for a garnishment issue in the prior year), and conferences and conventions were up \$11,483 due to an increase in training.
  - Emergency training and supplies totaled \$14,099 or 1.1 percent of expenditures. This category included uniforms and shirts of \$7,267, firefighting supplies of \$404, gas and oil for vehicles of \$3,668, fire prevention week costs of \$2,141, and training costs of \$525. In total, the category was down \$(4,392), due mainly to a decrease in fire prevention week costs (down \$7,465), a decrease in firefighting supplies (down \$5,451) and an increases in uniforms and shirts (up \$3,580).

- Repairs and maintenance totaled \$93,032 or 7.2 percent of expenditures. Repairs to the fire trucks came in at \$89,130 and repairs to buildings amounted to \$3,327. Building repairs were down \$(6,806) and vehicles repairs were up \$1,839.
- Miscellaneous expenditures were \$70 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 \$1,194 or 0.0 percent. This included the purchase of a new dryer.

***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets.** GIVFD’s net investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$272,916 (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 decreased by \$(38,308) or 12.3 percent this year.

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

- \$599 was spent the purchase of new dryer.
- \$38,907 was recognized as depreciation expense.

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

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
Land	\$ 39,800	\$ 39,800
Buildings	97,897	110,227
Furniture and fixtures	14,323	18,841
Vehicles and firefighting equipment	120,896	142,356
Total	272,916	311,224
Capital-related debt	-	-
Net Investment	\$ 272,916	\$ 311,224

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 3.7 percent, which is 0.1 percent higher than it was a year ago. 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 2018 tax roll (taxes collected in 2019), the Parish levied 21.10 mills, which is the same as the mills in 2017. Thus, revenues are expected to remain at or about the same next year.

### *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, 2018

		<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$	370,303
Receivables (net of allowance for uncollectibles)		100,377
Other assets - prepaid items		36,132
Capital assets (net of accumulated depreciation)		
Land	\$ 39,800	
Buildings	97,897	
Furniture and fixtures	14,323	
Heavy equipment	-	
Vehicles and firefighting equipment	120,896	
Infrastructure	-	
Construction in progress	-	272,916
		<u>779,728</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and other current liabilities		1,293
Accrued payroll and deductions		12,578
Unearned grant revenues		175,850
Noncurrent liabilities:		
Due within one year		-
Due in more than one year		-
		<u>189,721</u>
<b>TOTAL LIABILITIES</b>		
<b>NET POSITION</b>		
Net investment in capital assets		272,916
Restricted for:		
Debt service		-
Other		-
Unrestricted		317,091
		<u>\$ 590,007</u>
<b>TOTAL NET POSITION</b>		

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, 2018

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	\$ 1,291,663	\$ -	\$ 367,418	\$ 200,000	\$ (724,245)
Unallocated depreciation expense	38,907	-	-	-	(38,907)
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>\$ 1,330,570</u>	<u>\$ -</u>	<u>\$ 367,418</u>	<u>\$ 200,000</u>	<u>(763,152)</u>
<b>GENERAL REVENUES:</b>					
					910,000
					Intergovernmental - Parish Allocation of Property Taxes
					Intergovernmental - State Fire Insurance Rebate
					9,500
					Unrestricted interest
					236
					Gain (loss) on sale of equipment
					-
					Unrestricted gifts and donations
					500
					Other
					27,392
<b>TRANSFERS IN (OUT)</b>					-
<b>TOTAL GENERAL REVENUE AND TRANSFERS</b>					<u>947,628</u>
<b>CHANGE IN NET POSITION</b>					184,476
<b>NET POSITION</b>					
					Beginning of Year
					405,531
					End of Year
					<u>\$ 590,007</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, 2018

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 370,303
Accounts Receivable	100,377
Prepaid items	36,132
<b>TOTAL ASSETS</b>	<u>\$ 506,812</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 1,293
Salaries and related taxes payable	12,578
Unearned grant revenues	175,850
Total Liabilities	<u>189,721</u>
Fund Balance	
Non-spendable	36,132
Restricted	-
Committed	-
Assigned	200,000
Unassigned	80,959
Total Fund Balance	<u>317,091</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 506,812</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, 2018**

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

Total Fund Balances at December 31, 2018 - Governmental Funds (page 16)	\$ 317,091
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,429,262 and the accumulated depreciation is \$1,156,346.	272,916
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, 2018 (page 14)	<u>\$ 590,007</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, 2018**

	<u>General Fund</u>
<b>REVENUES</b>	
Intergovernmental	\$ 1,486,918
Service charges and reimbursements	-
Donations and gifts	500
Interest	236
Miscellaneous	27,392
	<hr/>
TOTAL REVENUES	<u>1,515,046</u>
 <b>EXPENDITURES</b>	
Current	
Public Safety	
Personnel and related costs	1,072,746
General and administrative costs	111,121
Emergency training and supplies	14,099
Repairs and maintenance	93,032
Miscellaneous	70
Capital outlay	1,194
Debt Service	
Principal	-
Interest	-
	<hr/>
TOTAL EXPENDITURES	<u>1,292,262</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	222,784
 <b>OTHER FINANCING SOURCES</b>	
Capital lease	-
Loan proceeds	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND</b>	
<b>OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<hr/> 222,784
 <b>FUND BALANCE</b>	
Beginning of year	94,307
	<hr/>
End of year	<u>\$ 317,091</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, 2018**

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)	\$	222,784
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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.		(38,308)
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		-
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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.		-
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Change in net position of governmental activities (page 15)	\$	<u>184,476</u>
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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, 2018**

**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, 2018**

**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, 2018**

**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, 2018**

**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, 2018 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 1800.142-162, 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, 2018**

**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 June 27, 2019, 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 \$(38,308) 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, 2018**

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

Capital Outlay	\$	599
Depreciation Expense		(38,907)
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>		(38,308)

**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, 2018, GIVFD was in compliance with all of the significant conditions of the agreement.

**NOTE D - DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

1. Deposits and Investments

The carrying amount of GIVFD's deposits at December 31, 2018 was \$370,303 and the bank balance was \$379,390. \$250,000 of the bank balances were covered by FDIC, leaving \$129,390 uninsured. GIVFD's fiscal agent bank pledged \$20,000 of securities as collateral against these deposits, leaving \$109,390 as uninsured and uncollateralized at year end.

**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, 2018**

**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 - Katrina	\$ 4,580
FEMA - Public Assistance Grants - Ike	9,422
GIVES - Due for Expenditures Paid on its Behalf	18,194
GIVES - Due for Admin and Operating Contract	68,181
Total Receivable	<u>\$ 100,377</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, 2018, \$14,002 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 2018, 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 2018, GIVES fell behind in remitting its administrative and operating contract fees to GIVFD. At year end, the months of November and December were not yet paid. An accrual of \$68,181 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, 2018**

**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:

	<b>Balance December 31, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2018</b>
<b>Governmental Activities:</b>				
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	145,970	599	-	146,569
Vehicles & firefighting equipment	986,297	-	-	986,297
Total capital assets, being depreciated	<u>1,388,863</u>	<u>599</u>	<u>-</u>	<u>1,389,462</u>
Less accumulated depreciation for:				
Buildings & improvements	(146,369)	(12,330)	-	(158,699)
Furniture & fixtures	(128,755)	(3,491)	-	(132,246)
Vehicles & firefighting equipment	(842,315)	(23,086)	-	(865,401)
Total accumulated depreciation	<u>(1,117,439)</u>	<u>(38,907)</u>	<u>-</u>	<u>(1,156,346)</u>
Capital assets being depreciated, net	<u>\$ 271,424</u>	<u>\$ (38,308)</u>	<u>\$ -</u>	<u>\$ 233,116</u>
Net governmental activities capital assets	<u>\$ 311,224</u>	<u>\$ (38,308)</u>	<u>\$ -</u>	<u>\$ 272,916</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, 2018**

**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 2018, GIVES made payments totaling \$367,418 to GIVFD under this arrangement. This base amounted to 70.3 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 2017 tax rolls. The remittance of these taxes during 2018 totaled \$910,000. The base revenues from this contract account for a substantial portion (60.1 percent) of GIVFD's total revenues. The Parish also provided an additional \$200,000 to GIVFD in 2018 from the ad valorem taxes in order to purchase equipment (a search and rescue boat). This amount is shown as "assigned" fund balance. Finally, GIVFD also received an additional \$9,500 in state fire insurance rebates from the Parish in 2018.

**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, 2018**

**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, 2018.

**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 \$59,934. 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 2018, the contribution to this plan totaled \$-0-, of which \$-0- was paid for by GIVFD. The participating employee paid the \$2,600 towards the plan; however, GIVFD failed to remit the balance due prior to year-end. The amount is carried as a salary-related liability.

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 \$500 for 2018 per GIVFD's books. There was additional payments made during 2018; 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, 2018**

**NOTE F - OTHER INFORMATION (CONTINUED)**

Net claims totaling \$368,491 have been filed with FEMA. After the local share and administrative fees are added in, FEMA's share is \$370,914. Through December 31, 2018, payments totaling \$406,598 have been received, including \$-0- in 2018. The difference of \$(35,683) has been recorded as a receivable of \$4,580 and as \$(40,263) in unearned grant revenues at year end. This overpayment and deferral resulted from FEMA reclassifying some of the costs claimed under Katrina to Hurricane Rita, applying estimated insurance, and disallowing some claims. Current year revenues are \$-0-.

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 2018. The difference of \$(38,603) is included in unearned grant revenues at year end. Current revenues are \$-0-.

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, 2018, payments totaling \$254,139 have been received, including \$-0- in 2018. 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, 2018, payments totaling \$84,799 have been received, including \$-0- in 2018. The difference of \$(34,484) has been recorded as a receivable of \$9,422 and as \$(43,906) in unearned grant revenues at year end. Current revenues are \$-0-.

5. Hurricane Isaac

On September 1, 2012, Hurricane Isaac struck just west of the New Orleans Metropolitan Area and caused damage and storm/tidal flooding to the Grand Isle area. GIVFD performed some emergency work and filed claims with FEMA. Claims totaling \$61,988 have been filed with FEMA for labor and equipment. After applying estimated insurance and adding in the local share and administrative fees, FEMA's share is \$46,491. Through December 31, 2018, payments totaling \$46,491 have been received, including \$-0- in 2018. Current year revenue are \$-0-.

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## **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, 2018**

	<u>General Fund</u>
Intergovernmental	
Federal	
FEMA - Disaster Assistance	\$ -
State	
Fire Insurance Rebate	9,500
Local	
Jefferson Parish contract:	
Direct payments - ad valorem taxes - operations	910,000
Direct payments - ad valorem taxes - equipment	200,000
Direct payments - BP settlement funds	-
Grand Isle Volunteer Emergency Services	
Cooperative agreement	367,418
	<u>1,486,918</u>
Donations and gifts	
Fund raising - net	-
Other donations	500
	<u>500</u>
Interest	<u>236</u>
Miscellaneous	
Sales of equipment	-
Other	27,392
	<u>27,392</u>
 TOTAL REVENUES	 <u>\$ 1,515,046</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, 2018

	<u>General Fund</u>
<b>Public Safety</b>	
Current	
Personnel and related costs	
Salaries - Regular	\$ 480,082
Salaries - Medics	224,964
Salaries - Overtime	77,913
Payroll taxes	59,934
Retirement	-
Health insurance	164,398
Unemployment insurance	102
Workmens' compensation	65,353
	<u>1,072,746</u>
General and administrative costs	
Alarm monitoring	894
Bank charges	1,357
Bookkeeping and auditing	8,500
Conferences and conventions	14,119
Contracted services - legal	-
Contracted services - other	544
Dues and subscriptions	2,327
Office and computer supplies	4,179
Copying and supplies	987
Postage	531
Phones	9,641
Utilities - electricity and water	17,329
Utilities - cable and internet	4,517
Leases/rentals - equipment	1,242
Licenses and certificates	80
Insurance - auto/general	37,643
Sanitation	325
Travel - hotels and meals	481
Groceries and supplies - station	6,425
	<u>111,121</u>
Emergency costs and supplies	
Firefighting supplies	404
Fire Prevention Week supplies	2,141
Gas and oil	3,668
Medical and emergency supplies	94
Training and educational	525
Uniforms and shirts	7,267
	<u>14,099</u>
Repairs and maintenance	
R & M - buildings	3,327
R & M - equipment and radios	575
R & M - vehicles and boats	89,130
	<u>93,032</u>
Miscellaneous	
Functions/events	-
Gifts, flowers, and donations	-
Other	70
	<u>70</u>
Capital outlay	
Equipment	595
Furniture and fixtures	599
	<u>1,194</u>
TOTAL CURRENT	<u>1,292,262</u>
Debt Service	
Principal	-
Interest	-
TOTAL DEBT SERVICE	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 1,292,262</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, 2018**

<b>Agency Head Name/Title:</b>	(5)		
	<u>Joel Bradberry, Fire Chief</u>		
<b><u>Purpose</u></b>	<b><u>Amount</u></b>		
Salary	\$ 82,620		
State Supplemental Pay	-		(1)
Benefits - Insurance (Group Health)	19,981		(2)
Benefits - Retirement	6,328		(3)
Benefits - Other	-		
Car Allowance	-		(4)
Vehicle Provided by Agency	-		(4)
Per Diem	-		
Reimbursements	-		
Travel (meal per diems)	-		
Registration Fees	35		
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 \$21,745 paid by GIVFD, less the amount paid by the employee of \$1,764.
- (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

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**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 (i.e., the General 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, 2018, and the related notes to the financial statements, which collectively comprise GIVFD's basic financial statements, and have issued my report thereon dated June 27, 2019.

## **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 deficiency described in the accompanying Schedule of Findings and Responses as item SD 18-01 to be a material weakness.

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 18-02, SD 18-03, SD 18-04 and SD18-05 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 CF18-01, CF18-02, CF18-03, and CF18-04 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.



June 27, 2019  
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, 2018**

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, 2018, and have issued my report thereon dated June 27, 2019. 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, 2018 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:
  - Significant Deficiencies were noted (see below).
  - One Material Weakness was noted. (see item SD 18-01below).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 # 18-01 - 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, 2018**

**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.

**Significant Deficiencies**

**SD Comment # 18-02 - 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.

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 # 18-03 – 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.

**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, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

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 2018. This inventory was also reconciled back to the audit list.

**SD Comment # 18-04 – Payroll Records Missing or Incomplete**

Condition and Criteria – GIVFD's payroll policies require a timesheet to be submitted by each employee reflecting the time worked each pay period and that a supervisor review and approve the time and signify the approval for payment by signing the timesheet. During my testing of payroll, I tested 65 payroll transactions. Of the 65 payroll transactions tested, 6 were missing timesheets and 22 were missing the required supervisor's signature on the timesheet.

Cause – GIVFD management did not properly file and/or sign the time sheets in accordance with its policy.

Recommendation – GIVFD's bookkeeper should ensure that all timesheets are maintained on file and attached to the pay stub. He should also ensure that the Fire Chief's signature is obtained on all timesheets prior to issuing the check. If the Fire Chief is not available to sign the timesheets, GIVFD should consider appointing an alternate signatory to sign in his place.

Management's Response – The missing timesheets were lost in error. We do not process a payroll without a timesheet, thus, one existed at one time. We will make sure to keep them on file in 2019. As to the supervisor's signature, the Fire Chief simply did not sign the timesheets in all cases. We will consider appointing an alternate when he is unavailable to sign in 2019. In either case, we will make sure that all 2019 timesheets have the proper approvals noted on them.

**SD Comment # 18-05 – Retirement Plan Remittances Not Being Made**

Condition and Criteria – GIVFD offers its employees a 401K retirement plan. One employee participates in the plan. Each pay day, a fixed amount is withheld from the employee's pay to remit to the plan. GIVFD provides up to a 3% match on amounts withheld. The amounts withheld from the employee along with the employer match are calculated at the end of each month using the plan's worksheet and a remittance is supposed to be made. During my testing, I found that GIVFD withheld \$2,600 from the employee during 2018; however, no remittances were made to the 401K plan during the year.

**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, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

Cause – We reorganized some of the administrative duties during 2018 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 2018 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.

**COMPLIANCE FINDINGS AND OTHER MATTERS:**

**Compliance Findings**

**CF Finding #18-01 – 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 2018, I noted only \$500 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 2018 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 2019.

**CF Finding #18-02 – 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 4<sup>th</sup> quarter of 2018 in the amount of \$5,282. It had made a double payment in the previous quarter of \$4,106, which it applied against this amount, leaving a balance due at year-end of \$1,176. This amount had not yet been remitted to the State as of the date of this report.

**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, 2018**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

Management's Response – As previously noted, we reorganized some of the administrative duties during 2018 among employees and, apparently, this procedure of remitting the state taxes was lost in the mix. We will issue a check to the State for the \$1,176 in the coming week. We will also make sure that all state tax remittances are done timely in 2019.

**CF Finding # 18-03 – Improper Expenses - Health Insurance Premiums Paid for Terminated Employee**

Condition and Criteria – GIVFD is to expend its public funds on costs associated operating the fire district. This includes costs associated with providing benefits to existing employees.

Finding - During my testing of payroll and related benefits, I noted that GIVFD paid for health insurance benefits for four (4) months after an employee had been terminated. In this case, the employee in question was terminated in May 2018, yet her health premiums continued until the end of September 2018. The cost of these premiums for the four months was \$2,708 and they were paid completely by GIVFD. This appears to be an improper expenditure of public funds.

Management's Response – This appears to be an oversight on our part. We originally thought the employee was opting into COBRA coverage and that she would continue to be covered; however, it appears that she declined the option and we did not catch it until September. We will make sure this does not recur in the future.

**CF Finding # 18-04 – 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 had withheld \$9,686 in garnishments from two employees during 2018; however, as of the end of the year, only \$4,546 had been remitted to the designated trustee. 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. We will make sure this does not recur in 2019.

**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, 2018**

**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**

<b>Prior Year Comment No.</b>	<b>Description</b>	<b>Status</b>
SD # 17-01	Inadequate segregation of duties.	See CY SD Comment # 18-01
SD # 17-02	Preparation of Financial Statements by auditor	See CY SD Comment # 18-02
SD # 17-03	Not maintaining proper fixed asset records	See CY SD Comment # 18-03
SD # 17-04	Payments made for wrong agency.	Resolved. No such payments noted in 2018.

**(END OF REPORT)**

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**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, 2018 to December 31, 2018**

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, 2018 through December 31, 2018. 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***

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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.

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

***Board (or Finance Committee, if applicable)***

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- 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 twice during 2018. 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 twice in 2018 and neither of the minutes for those meetings referenced 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***

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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, three 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 2018, 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*

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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 polices 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 the employee 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: I vouched the selected deposits to their supporting documentation, including the deposit slip. I also traced the deposit to the bank statement and observed that the deposits were made within 1 business day of collection. I was also able to trace the deposits to the posting in the general ledger.**

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

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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 gives 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*

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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 two (2) corporate credit cards/accounts.**

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 selected 2 cards and obtained a monthly statement for each card. I observed 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: There were finance charges of \$162.82 noted on one of the statements selected for testing.**

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: EXCEPTIONS NOTED - Of the two cards tested, one was a commercial credit card account and the other was a fuel card. On the commercial credit card account, I noted 5 transactions charged to the card during the month being tested. None (-0-) of the transactions had an original itemized receipt attached nor was the business purpose of the charge noted on the statement. None of the transactions tested involved meals. The fuel card statement had the proper documentation on it.**

### *Travel and Expense Reimbursement*

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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](http://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). The conference and travel costs incurred were not paid to employees but were paid directly to vendors and all appear to be properly documented and approved.**

### *Contracts*

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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.**

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: There were no contracts noted that would require bids 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: There were no contracts entered into during 2018 that would require approval by the Board.**

- 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 2018.**

- 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: There were no contracts for professional services, materials and supplies leases or construction entered into or renewed during 2018 that would require testing.**

### *Payroll and Personnel*

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- 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 January 10, 2018 pay period for testing. EXCEPTION NOTED – Of the 5 selected employees, 3 charged vacation or sick leave during the period tested. On 1 of the 5 selected employees, the leave slip was not attached to the check stub and time sheet.**

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

**RESULTS: EXCEPTION NOTED – Of the 5 selected employees, a supervisor's approval was noted on the time sheet for all items tested.**

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

**RESULTS: The vacation leave earned, used and balances available for each employee are maintained in the QuickBooks payroll system. If any leave was charged during a pay period, it is posted to the leave records automatically. For the 5 employees selected, three had taken leave on the pay date selected for testing and the amounts were properly deducted.**

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 one employee was terminated during 2018 and obtained management's representation that this listing was complete.**

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: I examine the final check for the only employee who was terminated during 2018 and noted that the leave pay out was properly calculated.**

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 date of this report, remitted the state withholding taxes for the quarter ending 12/31/18. As of 12/31/18, the amount due was 1,176.**

**EXCEPTION NOTED - GIVFD had also withheld funds totaling \$2,600 from an employee participating in a 401k Retirement Plan during 2018 and has not yet remitted the funds to the plan trustee.**

*Ethics (excluding nonprofits)*

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19. Using the five randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics compliance documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) 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)*

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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*

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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  
June 27, 2019



## GRAND ISLE FIRE DEPARTMENT

P. O. Box 550, Grand Isle, LA 70358, Office: 985-787-2777 \* Fax: 985-787-3942

June 27, 2019

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, 2018 to December 31, 2018. 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 twice 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 early in the year and were 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 2018 and were finally able to sit enough members to reach a quorum 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 two meetings that were 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 2019.

**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 2019.

**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 2019.

**AUP 13 - Of the 5 transactions tested on the commercial credit card account, 5 did not have an original receipt or the business purpose noted on the statement explaining the purchase.**

RESPONSE: We do not use the card too often during the year. When we do use it, the Fire Chief and the Assistant Fire Chief is generally aware of what is being charged. The employees have been told to turn in original receipts; however, they apparently have been very lax in complying with this requirement. We will reiterate this requirement in 2019 and hope to have the receipts attached to the statements in the future. At a minimum, a notation will be made on the statement of the business purpose of the transaction.

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 B. [unclear]", with a long horizontal flourish extending to the right.

Fire Chief  
Grand Isle Volunteer Fire Department