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Independent Auditors' Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Grant Parish District Four Volunteer
Fire Department
Georgetown, Louisiana

We have audited the general purpose financial statements of Grant Parish District Four Volunteer Fire Department as of and for the twenty-four month period ended June 30, 1996, and have issued our report thereon dated October 29, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Grant Parish District Four Volunteer Fire Department is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Grant Parish District Four Volunteer Fire Department for the twenty-four month period ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT**

JUNE 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grant Parish District Four Volunteer Fire Department provides fire protection for the citizens of District Four in Grant Parish, Louisiana. The Fire Department operates under a Board of Directors form of government. The following is a summary of certain significant accounting policies and practices.

Basis of Presentation

The accompanying financial statements of Grant Parish District Four Volunteer Fire Department have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. No potential component units were in existence at June 30, 1996, and, therefore, none have been included within the reporting entity.

Fund Accounting

The accounts of Grant Parish District Four Volunteer Fire Department are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and

NOTES TO THE FINANCIAL STATEMENTS

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES**

for the twenty-four month period ended June 30, 1996

	<u>GENERAL FUND</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES			
Millage tax	\$16,000	\$17,996	\$1,996
Rural Community Fire Protection Program	2,400	1,177	(1,223)
State revenue sharing	2,600	3,549	949
Fire insurance rebate	8,300	4,865	(3,435)
Interest income	1,600	1,536	(64)
Fund raiser income	7,100	53	(7,047)
Donations	7,000	8,158	1,158
TOTAL REVENUES	<u>45,000</u>	<u>37,334</u>	<u>(7,666)</u>
EXPENDITURES			
Auditing expense	1,500	2,700	1,200
Insurance	7,100	8,217	1,117
Miscellaneous	2,500	1,249	(1,251)
Repairs	0	1,016	1,016
Supplies	600	1,695	1,095
Training	2,200	155	(2,045)
Truck fuel and maintenance	2,600	2,778	178
Utilities	1,400	1,777	377
Capital outlay	8,900	2,915	(5,985)
Debt service:			
Principal	15,836	15,836	0
Interest expense	2,364	2,291	(73)
TOTAL EXPENDITURES	<u>45,000</u>	<u>40,629</u>	<u>(4,371)</u>
EXCESS OF EXPENDITURES (OVER)/UNDER REVENUES	0	(3,295)	(3,295)
FUND BALANCES AT JULY 1, 1994	<u>29,085</u>	<u>29,085</u>	<u>0</u>
FUND BALANCES AT JUNE 30, 1996	<u>\$29,085</u>	<u>\$25,790</u>	<u>(\$3,295)</u>

The notes to the financial statements are an integral part of this statement.

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RECEIVED DIRECTOR
JUN 15 1996

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT**

June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 11 1996

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES**

for the twenty-four month period ended June 30, 1996

	GOVERNMENTAL FUND
	GENERAL FUND
REVENUES	
Millage tax	\$17,996
Rural Community Fire Protection Program	1,177
State revenue sharing	3,549
Fire insurance rebate	4,865
Interest income	1,536
Fund raiser income	53
Donations	8,158
TOTAL REVENUES	37,334
EXPENDITURES	
Audit expense	2,700
Insurance	8,217
Miscellaneous	1,249
Repairs	1,016
Supplies	1,695
Training	155
Truck fuel and maintenance	2,778
Utilities	1,777
Capital outlay	2,915
Debt service:	
Principal	15,836
Interest expense	2,291
TOTAL EXPENDITURES	40,629
EXCESS OF EXPENDITURES OVER REVENUES	(3,295)
FUND BALANCE AT JULY 1, 1994	29,085
FUND BALANCE AT JUNE 30, 1996	\$25,790

The notes to the financial statements are an integral part of this statement.



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Independent Auditors' Report

The Board of Directors
Grant Parish District Four Volunteer
Fire Department
Georgetown, Louisiana

We have audited the accompanying general purpose financial statements of the Grant Parish District Four Volunteer Fire Department as of and for the twenty-four month period ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of Grant Parish District Four Volunteer Fire Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records for the years prior to 1991, we were unable to form an opinion regarding the amount at which fixed assets are recorded in the accompanying balance sheet at June 30, 1996 (stated at \$147,225).

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had prior year records concerning fixed assets been adequate, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Grant Parish District Four Volunteer Fire Department as of June 30, 1996, and the results of its operations for the twenty-four month period then ended, in conformity with generally accepted accounting principles.

structure, we obtained an understanding of the design or relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management of Grant Parish District Four Volunteer Fire Department. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



OESTRIECHER & COMPANY
Certified Public Accountants

October 29, 1996

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT**

JUNE 30, 1996

5. INVESTMENTS

At June 30, 1996, the Fire Department had a certificate on deposit in the amount of \$7,500. The investment is recorded at cost, which approximates market.

6. ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

No provision has been made for uncollectible receivables since management considers all receivables collectible.

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT**

JUNE 30, 1996

Fund Equity

Designated fund balances represent tentative plans for future use of financial resources.

Total Columns on Statements

The total columns on the statements are captioned Memorandum Only to indicated that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At June 30, 1996, the Fire Department had cash and cash equivalents totaling \$17,916 in interest-bearing demand deposits. These deposits are stated at cost, which approximates market. These deposits are insured to Federal Depository Insurance Company limits of \$100,000. At June 30, 1996, the Fire Department had no cash balances which were not collateralized.

3. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 7/1/94</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/96</u>
Equipment and furniture	\$94,310	\$2,915	\$ 0	\$97,225
Building	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
	<u>\$144,310</u>	<u>\$2,915</u>	<u>\$ 0</u>	<u>\$147,225</u>

4. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

Note payable at July 1, 1994	\$15,836
Less principal payments	<u>15,836</u>
Note payable at June 30, 1996	<u>\$ 0</u>

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT**

JUNE 30, 1996

5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted.
7. Budgets are used as a means of controlling amounts that can be expended for use in the operations of the Fire Department. The level on which expenditures may legally exceed budgeted amounts is determined by the Board of Directors on an individual expenditure basis in the event an expenditure approaches the budgeted level.

Encumbrances

The Fire Department does not record encumbrances in their accounting system.

Cash and Cash Equivalent and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalent includes amounts in certificates of deposit with original maturities of 90 days or less. Investments include amounts in certificates of deposit if their original maturities exceed 90 days. Investments are stated at cost.

Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. During the twenty-four month period ended June 30, 1996, no interest has been capitalized for this purpose. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated fixed assets are stated at their fair market value on the date donated.

Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

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**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT**

JUNE 30, 1996

expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The General Fund is the only governmental fund of the Fire Department. It is used to account for all financial resources.

Basis of Accounting

The governmental fund is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are interest revenues and grants. Fire insurance rebate, state revenue sharing, and millage taxes are not susceptible to accrual because generally they are not measurable until received in cash.

Budgets and Budgetary Accounting

The Fire Department follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The secretary/treasurer prepares a proposed budget and submits it to the Board of Directors no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Directors prior to the commencement of the fiscal year for which the budget is being adopted.

**GRANT PARISH DISTRICT FOUR
VOLUNTEER FIRE DEPARTMENT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS**

JUNE 30, 1996

	<u>GOVERNMENTAL FUND</u>	<u>ACCOUNT GROUP</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>	
ASSETS			
Assets:			
Cash and cash equivalents	\$17,916	\$0	\$17,916
Investments	7,500	0	7,500
Accounts receivable	677	0	677
Equipment and furniture	0	97,225	97,225
Building	0	50,000	50,000
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$26,093</u></u>	<u><u>\$147,225</u></u>	<u><u>\$173,318</u></u>
 LIABILITIES, EQUITY, AND OTHER CREDITS			
Liabilities:			
Accounts payable	\$303	\$0	\$303
	<hr/>	<hr/>	<hr/>
Equity and other credits:			
Investment in general fixed assets	0	147,225	147,225
Fund balance:			
Designated for equipment	7,500	0	7,500
Unreserved-undesignated	18,290	0	18,290
	<hr/>	<hr/>	<hr/>
Total equity and other credits	<u>25,790</u>	<u>147,225</u>	<u>173,015</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u><u>\$26,093</u></u>	<u><u>\$147,225</u></u>	<u><u>\$173,318</u></u>

The notes to the financial statements are an integral part of this statement.

GENERAL PURPOSE FINANCIAL STATEMENTS

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 1996, on our consideration of the Fire Department's internal control structure and a report dated October 29, 1996, on its compliance with laws and regulations.


OESTRIECHER & COMPANY
Certified Public Accountants

October 29, 1996



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**Independent Auditors' Report on Compliance
Based on an Audit of General Purpose
Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Board of Directors
Grant Parish District Four Volunteer
Fire Department
Georgetown, Louisiana

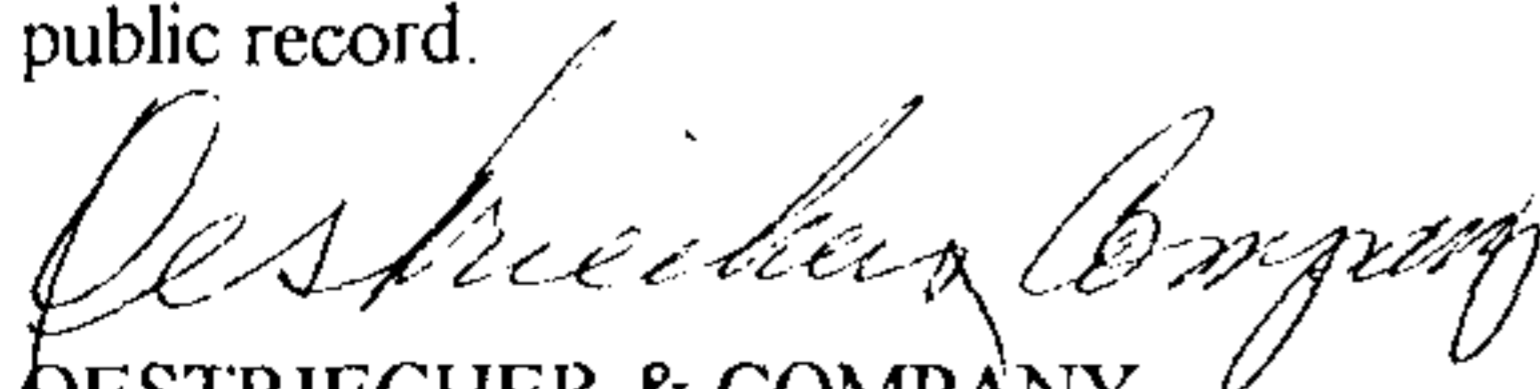
We have audited the general purpose financial statements of Grant Parish District Four Volunteer Fire Department as of and for the twenty-four month period ended June 30, 1996, and have issued our report thereon dated October 29, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Grant Parish District Four Volunteer Fire Department is the responsibility of Grant Parish District Four Volunteer Fire Department's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Fire Department's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management of Grant Parish District Four Volunteer Fire Department. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


OESTRIECHER & COMPANY
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October 29, 1996