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Financial Report

*East Side St. Charles Parish
Volunteer Fire Department, Inc.*

Destrehan, Louisiana

December 31, 1995

Under provisions of state law, this report is a public document. A copy of this report has been distributed to the parish, its employees, family and other occupant public officials. The report is available for public inspection at the Easton Range office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Original Date: 7-17-96



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
East Side St. Charles Parish
Volunteer Fire Department, Inc.,
Bastrop, Louisiana.

We have audited the accompanying general purpose financial statements of the East Side St. Charles Parish Volunteer Fire Department, Inc. (the Department), a non-profit corporation, as of and for the year ended December 31, 1993. These general purpose financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the East Side St. Charles Parish Volunteer Fire Department, Inc., as of December 31, 1993, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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In accordance with Government Auditing Standards, we have also issued a report dated May 31, 1996 on our consideration of the East Side St. Charles Parish Volunteer Fire Department, Inc.'s internal control structure and a report dated May 31, 1996 on its compliance with laws and regulations.

Respectfully submitted,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 31, 1996.

**COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS**

**East Side St. Charles Parish
Volunteer Fire Department, Inc.**

December 31, 1993

	Governmental Fund Type General Fund	Account Groups		Total (Millions of Dollars Only)
		General Fixed Assets	General Long-Term Obligations	
ASSETS				
Cash	\$ 271,546			\$ 271,546
Certificate of deposit	100,000			100,000
Due from St. Charles Parish Council	32,363			32,363
General fixed assets		\$ 1,255,835		1,255,835
Prepaid insurance	12,234			12,234
Amount to be provided for retirement of general long-term obligations			\$ 158,289	158,289
Total	\$ 367,943	\$ 1,255,835	\$ 158,289	\$ 1,782,267
LIABILITIES				
Accounts payable and account expenses	\$ 4,475			\$ 4,475
Notes payable			\$ 158,289	158,289
Total liabilities	4,475		158,289	162,764
FUND EQUITY				
Investment in general fixed assets		\$ 1,255,835		1,255,835
Fund balance -				
Reserved for prepaid expenses	12,234			12,234
Unreserved	151,234			151,234
Total fund equity	163,468	1,255,835		1,419,303
Total	\$ 367,943	\$ 1,255,835	\$ 158,289	\$ 1,782,267

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND**

**East Side St. Charles Parish
Volunteer Fire Department, Inc.**

For the year ended December 31, 1995

Revenues	
Taxes:	
Sales	\$ 179,078
Ad valorem	85,735
Fire insurance rebate	11,758
Miscellaneous:	
Interest earned	9,188
Other	13,277
Total revenues	309,036
Expenditures	
Public safety:	
Other services and charges	41,009
Material and supplies	7,997
Capital outlay	244,180
Repair and maintenance	12,602
Total public safety	305,888
Debt service:	
Principal retirement	29,661
Interest and fiscal charges	8,187
Total debt service	37,848
Total expenditures	343,736
Deficiency of revenues over expenditures	(100,215)
Other Financing Sources	
Recovery from delinquents	2535
Proceeds from lease	189,080
Total other financing sources	191,615
Excess Of Revenues and Other Financing Sources Over Expenditures	32,300
Fund Balance	
Beginning of year	241,664
End of year	\$ 263,964
See notes to financial statements.	

NOTES TO FINANCIAL STATEMENTS**East Side St. Charles Parish
Volunteer Fire Department, Inc.**

December 31, 1995

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the East Side St. Charles Parish Volunteer Fire Department, Inc. (the Department) conform to generally accepted accounting principles as applicable to governments.

The following is a summary of significant accounting policies:

a. Reporting Entity

The Department is organized as a non-profit quasi-governmental corporation to provide fire protection to the Parish of St. Charles.

The Department has reviewed all of its activities and determined that there are no potential component units which should be included in the financial statements.

b. Fund Accounting

The Department uses funds 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.

Governmental Funds

Governmental Funds are those through which the governmental functions of the Department are financed. The acquisition, use and balances of the Department's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the Department:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting

General Fund - The General Fund is the general operating fund of the Department. It is used to account for all financial resources.

Basis of accounting refers to *which* revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the *timing* of the measurements made, regardless of the measurement focus applied.

The General Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recognized as revenue in the year they are budgeted by the Parish Council for payment to the Department. Ad valorem taxes for operations and maintenance were first levied in November, 1990.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

d. Operating Budgetary Data

The Department was not required to prepare a budget for the year ended December 31, 1995.

e. Bad Debts

The financial statements of the Department contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the General Fund.

f. General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fixed Assets (Continued)

It is not involved with the measurement of results of operations. Public domain ("Infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, canals and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

2. Investments

Investments are stated at cost, which approximates market.

3. Long-Term Obligation

The accounting and reporting treatment applied to the long-term obligations associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds.

The Long-Term Obligations Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Accumulated Vacation and Sick Leave

The Department has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 1995.

j. Tax Status

The Department maintains that it qualifies under Section 501(c)(4) of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

k. Memorandum Only - Total Column

The total column on the financial statements are captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidated. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Equipment</u>	<u>Building</u>	<u>Vehicle</u>	<u>Land</u>	<u>Total</u>
Balance, January 1, 1995	\$166,245	\$ 400,871	\$ 786,606	\$10,120	\$1,363,842
Additions	38,814	4,098	280,751		323,663
Dispositions	(10,051)		(14,136)		(24,187)
Transfers to St. Charles Parish Council	(17,041)	(166,011)	(118,187)		(301,239)
Balance, December 31, 1995	\$227,888	\$ 238,958	\$ 935,134	\$10,120	\$1,412,000

Note 2 - CHANGES IN GENERAL FIXED ASSETS (Continued)

In January 1994, the Department entered into an agreement with the St. Charles Parish Council to acquire title to \$339,000 of property and equipment purchased by the Parish on behalf of the Department with the proceeds from a general obligation bond issued by the Parish. However, during 1995 the St. Charles Parish Council was notified that the Parish was prohibited from transferring or donating land, equipment, or facilities purchased with the bond proceeds. The Department now has an agreement to lease the equipment and facilities from the Parish, thus reversing the transfer which occurred in 1994.

Note 3 - LONG TERM OBLIGATIONS

During 1994, the Department entered into a lease-purchase agreement in the original amount of \$148,613 for a term of five years. At December 31, 1995, the present value of future minimum lease payments discounted at 6.25% totaled \$61,078. The lease consists of two remaining annual payments of \$33,431, consisting of principal and interest which are repayable primarily from tax revenues through the General Fund.

During 1995, the Department financed \$100,000 of a new fire truck at a rate of 7.65%. The loan is to be repaid in 48 installments of \$2,430, consisting of principal and interest.

The following is a summary of the changes in long-term obligations of the Department for the year ended December 31, 1995:

Long-term obligations, January 1, 1995	\$ 88,949
Proceeds from loan	100,000
Less payments	<u>(127,661)</u>
Long-term obligations, December 31, 1995	\$1,50,288

Note 3 - LONG TERM OBLIGATIONS (Continued)

The annual requirements for long-term obligations outstanding at December 31, 1995 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1996	\$ 52,036	\$10,555	\$ 62,591
1997	55,864	6,927	62,591
1998	26,117	3,643	29,160
1999	<u>25,468</u>	<u>828</u>	<u>26,444</u>
Totals	<u>\$159,285</u>	<u>\$21,301</u>	<u>\$180,786</u>

Note 4 - FIRE PROTECTION CONTRACT

According to a contract entered into by the St. Charles Parish Fireman's Association, Inc. and the St. Charles Parish Council, the volunteer fire department will provide fire protection to the residents of St. Charles Parish. In exchange for the fire protection provided to the Parish the Department receives a percentage of the one-eighth cent sales tax. The Department receives a monthly base amount of \$2,300 plus 23.57% of the remaining funds. The total revenue under this agreement for the year ended December 31, 1995 was \$170,878.

In 1980 the voters of St. Charles Parish approved a property tax millage of 1.5 mills for the purpose of fire protection. These property taxes are remitted to the Department by the St. Charles Parish Council with each department receiving one-ninth of the total tax proceeds. The total property tax for the year ended December 31, 1995 was \$65,335.

Note 5 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 1995.

Note 6 - PROCEEDS FROM DEFALCATION

The Department sustained a loss from defalcation for its years ended December 31, 1992 and 1991 in the amount of \$128,571 for which claims were filed with the insurance company and bank. This resulted in a recovery of funds in the amount of \$2,535 during the year ended December 31, 1995 and \$131,371 in prior years. Recoveries in excess of the original loss were as a result of repayment for office equipment which could not be located.

Note 7 - CONCENTRATION OF CREDIT RISK

The Department maintains its cash balances at financial institutions in the St. Charles Parish area. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$100,000.

The Department policy requires cash in excess of the FDIC insurance be collateralized by securities held by an unaffiliated bank in the name of the financial institution pledged to the department. At December 31, 1995, the cash deposits of the Department were fully secured.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF THE GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
East Side St. Charles Parish
Volunteer Fire Department, Inc.,
Destrehan, Louisiana.

We have audited the general purpose financial statements of the East Side St. Charles Parish Volunteer Fire Department, Inc. (the Department), as of December 31, 1995 and for the year then ended, and have issued our report thereon dated May 23, 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 the 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 the Department, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control 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 reportable 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 operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
May 31, 1996.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
East Side St. Charles Parish
Volunteer Fire Department, Inc.
Distributia, Louisiana.

We have audited the general purpose financial statements of the East Side St. Charles Parish Volunteer Fire Department, Inc. (the Department), as of December 31, 1995 and for the year then ended, and have issued our report thereon dated May 31, 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 the Department, is the responsibility of the management of the Department. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test disclosed no instances of non-compliance that are to be reported herein under Government Auditing Standards.

This report is intended for the information of management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 31, 1996.