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RAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.  
GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 1995

under provisions of state law, this report is a public document. A copy of the report has been submitted to the parish, or removed, entity and other appropriate public officials. This 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 7-24-96

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**INDEPENDENT AUDITORS' REPORT**

Bayou Gauche Volunteer  
Fire Department, Inc.  
103 Lake Drive  
Des Allemands, Louisiana 70039

We have audited the accompanying general purpose financial statements of the Bayou Gauche Volunteer Fire Department, Inc. as of and for the year ended December 31, 1995, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Bayou Gauche Volunteer Fire Department's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The general purpose financial statements of the Bayou Gauche Volunteer Fire Department, Inc. as of December 31, 1994, were audited by other auditors, whose report dated June 12, 1995, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also included 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 in the first paragraph present fairly, in all material respects, the financial position of the Bayou Gauche Volunteer Fire Department, Inc. at December 31, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

June 12, 1996



Certified Public Accountant

**BARON GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 1995**

**ASSETS AND PROVISIONS**

	Governmental	Account	Totals	
	Fund Type	Group	Otherwisemember Only	
	General Fund	General Fixed Assets	1995	1994
Cash	\$179,304	\$ -	\$ 179,304	\$ 115,432
Due from Parish (Other J)	3,719	-	3,719	3,969
Fire Protection vehicles	-	111,868	111,868	157,217
Equipment	-	187,435	187,435	147,771
Buildings	-	154,805	154,805	186,413
Land	-	24,000	24,000	24,000
Total assets and provisions	\$183,023	\$478,008	\$ 661,031	\$ 514,802

**LIABILITIES AND FUND EQUITY**

**LIABILITIES:**

Accounts payable	\$ 825	-	\$ 825	\$ 1,276
Total liabilities	825	-	825	1,276

**Fund Equity:**

Fund asset investment	-	478,045	478,045	415,811
Fund balance - unreserved, undesignated	182,198	-	182,198	118,915
Total fund equity	182,198	478,045	660,243	534,726
Total liabilities and fund equity	\$183,023	\$478,008	\$ 660,428	\$ 536,002

SEE ACCOMPANYING NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Exhibit "B"

**DAYOU GAUCHE FIRE DEPARTMENT, INC.**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>1999</u>	<u>Totals (Memorandum Only) 1999</u>
<b>REVENUES:</b>		
Sales tax - 1/8 cent	\$ 50,169	\$ 41,142
Operations and capital improvements millage	65,735	65,517
Fire insurance rebate and other revenues	<u>9,235</u>	<u>8,568</u>
Total revenues	<u>125,679</u>	<u>115,227</u>
<b>EXPENDITURES:</b>		
Utilities and telephone	5,699	6,130
Equipment:		
Maintenance	8,814	6,420
Fuel	1,358	1,359
Insurance	5,720	5,847
Expendable equipment	4,330	-
Buildings:		
Maintenance	10,316	5,087
Insurance	4,655	4,783
Personnel:		
Insurance	1,440	1,181
Training	1,634	2,675
Travel	238	-
Miscellaneous:		
Accounting and auditing	2,234	2,008
Fire fighting supplies	1,028	6,088
Meetings and other expenses	7,367	8,788
Account group activity:		
Equipment purchases	6,214	59,232
Building improvements	<u>-</u>	<u>11,387</u>
Total expenditures	<u>61,856</u>	<u>128,581</u>
EXCESS REVENUES OVER (EXPENDITURES)	64,621	(6,595)
BEGINNING FUND BALANCE, JANUARY 1	<u>116,505</u>	<u>121,886</u>
ENDING FUND BALANCE, DECEMBER 31	<u>\$ 181,536</u>	<u>\$ 116,915</u>

SEE ACCOMPANYING NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

(B) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Rayon Gache Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary governmental" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

**Fund Accounting**

The accounts of the Fire Department are organized on the basis of a fund (General Fund) and account groups. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**Basis of Accounting**

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

The Fire Department records are maintained on a cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting, utilizing the following practices in recording revenues and expenditures.

**Revenues**

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 28th day of the month following insurance of the taxes by businesses.

(B) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues (Continued)**

A tax year ad valorem tax issue was dedicated to the operations of the Fire Department beginning in 1991. Each department is to receive one ninth of annual collections. Taxes levied in November of each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available.

All other revenues are recorded when received.

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fiscal liability is incurred, except for principal and interest on general long-term debt which is not recognized until due.

**Cash and Cash Equivalents**

The Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. At December 31, 1995, deposited funds exceeded federal deposit insurance and pledged securities.

**Budgets and Budgetary Accounting**

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

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets and Long-Term Liabilities**

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on fixed assets.

Fixed assets are valued at historical cost or estimated historical cost if historical cost is not available. The Department has established a capitalization policy of \$400 for equipment having a useful life over one year.

Donated fixed assets are recorded at estimated fair market value at the date of donation.

Long-term liabilities expected to be financed from the General Fund are accounted for in the general long-term liabilities account group.

The two account groups are not "funds". They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

**Total Columns**

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

**Comparative Data**

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Fire Department's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

**Reclassifications**

Certain expense accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.



**BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 1995**

**(2) SALES TAX REVENUE**

Effective March 1, 1980, sales taxes in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for the protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Parish Fireman's Association, Inc. Effective September 1, 1994, the sales tax is distributed on the following basis:

	<u>Monthly Basis</u>	<u>Percent of Remaining Funds</u>
Bayou Gauche Volunteer Fire Dept., Inc.	\$2,500	3.21%
Des Allemands Volunteer Fire Dept., Inc.	\$2,500	4.83%
East Side of St. Charles Volunteer Fire Dept., Inc.	\$2,500	23.97%
Hahnville Volunteer Fire Dept., Inc.	\$2,500	5.82%
Killona Volunteer Fire Dept., Inc.	\$2,500	1.56%
Luling Volunteer Fire Dept., Inc.	\$2,500	29.80%
Narrow Area Volunteer Fire Dept., Inc.	\$2,500	18.51%
Paradis Volunteer Fire Dept., Inc.	\$2,500	4.20%
St. Rose Volunteer Fire Dept., Inc.	\$2,500	17.20%

**(3) REVENUE RECEIVABLE**

Revenue receivable at December 31, 1995 consists of the Fire Department's share of the 1/8th cent sales tax for the month of November 1995, collected on or before December 28, 1995, by the St. Charles Parish School Board and remitted by St. Charles Parish in January 1996.

An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 1995.

**BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 1995**

**(4) CHANGES IN GENERAL FIXED ASSETS**

	Balance 1/1/95	Purchases 1995	Assets Transferred to		Balance 12/31/95
			St. Charles Parish 1995	Retirements 1995	
Fire protection vehicles	\$ 157,227	\$ -	\$245,423	\$ -	\$111,804
Equipment	247,711	6,214	66,249	-	187,436
Buildings	185,813	-	32,008	-	154,805
Land	24,000	-	-	\$ -	24,000
	<u>\$ 614,751</u>	<u>\$ 6,214</u>	<u>\$343,680</u>	<u>\$ -</u>	<u>\$478,045</u>

On March 21, 1994, the St. Charles Parish Council passed an ordinance which transferred to each Department property and equipment purchased by the Parish with a 1991 Capital Improvements bond issue.

In December 1995, the department was informed by the St. Charles Parish Finance Director that their legal counsel had advised him the Parish is prohibited from transferring facilities or equipment purchased with bond proceeds. Therefore, the assets transferred to the department in 1994 were transferred back to St. Charles Parish.

**(5) CASH**

The Fire Department maintains a separate petty cash account. The petty cash account is funded through public functions held by the Fire Department. Expenditures from this petty cash account are for expenses related to the functions. The amount in the petty cash account was not included in the financial statements and was therefore not subjected to the audit procedures of the financial statements.

**(6) PRIOR PERIOD ADJUSTMENTS**

In 1994, the petty cash account was inadvertently included in the financial statements. The petty cash account was removed from the financial statements for the year ended December 31, 1995. The cash account and fund balance was reduced by \$4,285.

**SUPPLEMENTARY INFORMATION**

**J. F. LOHIO, JR.**

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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**

0044-100-1000

Bayou Gouche Volunteer Fire  
Department, Inc.  
100 Lake Drive  
Den Airborne, Louisiana 70010

We have audited the general purpose financial statements of Bayou Gouche Volunteer Fire Department, Inc. for the year ended December 31, 1995, and have issued our report thereon dated June 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Bayou Gouche Volunteer Fire Department, Inc. is the responsibility of Hahnville Volunteer Fire Department, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Hahnville Volunteer Fire Department, Inc.'s compliance with certain provisions of laws, regulations and contracts. 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 tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. We noted certain immaterial instances of noncompliance that we have reported to management of the Bayou Gouche Volunteer Fire Department, Inc. in a separate letter dated June 12, 1996.

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

June 12, 1996

  
Certified Public Accountant

**J. F. LORIO, JR.**

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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**

Bayou Canche Volunteer Fire  
Department, Inc.  
100 Lake Drive  
Des Allemands, Louisiana 70000

We have audited the general purpose financial statements of Bayou Canche Volunteer Fire Department, Inc. for the year ended December 31, 1995, and have issued our report thereon dated June 12, 1996.

We have conducted our audit in accordance with generally accepted auditing standards, the Louisiana Governmental Audit Guide 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.

The management of Bayou Canche Volunteer Fire Department, Inc. 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 Bayou Gause Volunteer Fire Department, Inc., 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 of 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.

We noted certain matters involving the internal control structure and its operations that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties consistent with appropriate control objectives. The Department is small and therefore it is not feasible to maintain an adequate segregation of duties among accounting personnel.

A material weakness is a reportable condition in which the design or operation of one or more of the specific 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

Bayou Gauche Volunteer Fire  
Department, Inc.  
June 12, 1996  
Page 3

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

June 12, 1996



Certified Public Accountant

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June 12, 1998

Bayou Classic Volunteer Fire Department, Inc.  
100 Lake Drive  
Deer Allenwood, LA 70009

In planning and performing our audit of the financial statements of Bayou Classic Volunteer Fire Department, Inc. for the year ended December 31, 1997, we considered the Department's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated June 12, 1998, on the financial statements of the Department.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Department personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.



J. F. Lorio, Jr. CPA



## MANAGEMENT LETTER POINTS

### **Reserve Assets**

As of December 31, 1995, the Department had an deposit with one financial institution \$179,101. As December 31, 1995, \$108,000 was covered by Federal Depository Insurance and \$50,000 was covered by pledged securities of the financial institution, leaving \$25,101 uninsured.

The management of the Department should be cognizant of the amount on deposit. At such time as the Department's funds on deposit exceed the insurance and pledged securities, management should require the financial institution to pledge additional securities or move the excess to another financial institution.

### **Fixed Assets**

As discussed with the President, it is recommended the Department establish a capitalization policy of \$400. Fixed assets should include items which have an expected life of over one year. Small fire fighting equipment and gear should be expensed and charged to the account "Expensible equipment."

In addition, the Department should maintain an inventory of fixed assets. The inventory encompasses a list of each item capitalized, the date purchased and the cost. Donated equipment should also be maintained and entered on the books at its estimated market value on the date donated.

At the end of each year, the Department should inspect the inventory of equipment and make a list of equipment which is obsolete, junked, sold or donated to another Department. These assets would then be removed from the books.

### **Classification of Expenses**

In 1995, there was over \$11,000 charged to miscellaneous expense. Miscellaneous expense is generally used for very minor expenses and bank charges. Other items should be classified in the respective category for which they are used.

## Management Letter Points

Page 2

### Purchase Orders

The Department has implemented a purchase order system. It is recommended the following procedures be used.

A three-part purchase order is recommended with the copies being applied as follows.

Original issued to vendor.

Second copy is maintained in a numerical control file of all purchase orders.

Third copy is used to receive order and compare prices to the invoice. This copy is attached to vendors invoice and filed in the paid vendor file.

### Vendor Invoices

It is recommended each invoice be marked approved and paid with the date and check number. A rubber stamp would enhance this procedure. The stamp would also eliminate the possibility of duplicate payment of an invoice.

APPROVED \_\_\_\_\_  
AMOUNT \_\_\_\_\_  
CHECK NO \_\_\_\_\_  
DATE PAID \_\_\_\_\_