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*Financial Report*

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

*Destrehan, Louisiana*

*December 31, 1997*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 7-2-98

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December 31, 1997

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McGuire Hennrich

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors,

East Side St. Charles Parish Volunteer Fire Department, Inc.,  
Bossier, Louisiana.

We have audited the accompanying general purpose financial statements of East Side St. Charles Parish Volunteer Fire Department, Inc. (the Department), a nonprofit corporation, as of and for the year ended December 31, 1997, as listed in the table of contents. 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 the standards applicable to financial audits contained in *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. 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.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of East Side St. Charles Parish Volunteer Fire Department, Inc., as of December 31, 1997, 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 June 11, 1998 on our consideration of East State St. Charles Parish Volunteer Fire Department, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

*Bourgeois Bennett, LLC.*

Certified Public Accountants.

New Orleans, La.,  
June 11, 1998.

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

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

December 31, 1997

	Governmental Fund Type General Fund	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets</b>				
Cash	\$ 488,066			\$ 488,066
Certificate of deposit	100,000			100,000
Due from St. Charles Parish Council	39,867			39,867
General fixed assets		\$1,527,718		1,527,718
Prepaid insurance	15,211			15,211
<b>Other Debits</b>				
Amount to be provided for retirement of general long-term obligations			\$ 51,585	51,585
Total assets and other debits	\$ 643,144	\$1,527,718	\$ 51,585	\$2,222,447
<b>LIABILITIES, FUND BALANCES AND OTHER CREDITS</b>				
<b>Liabilities</b>				
Accounts payable and account expenses	\$ 4,715			\$ 4,715
Notes payable			\$ 51,585	51,585
Total liabilities	4,715		51,585	56,300
<b>Fund Equity and Other Credits</b>				
Investment in general fixed assets		\$1,527,718		1,527,718
Fund balance - Reserved for prepaid expenses	15,211			15,211
Unreserved	623,208			623,208
Total fund equity and other credits	638,429	1,527,718		2,166,147
Total liabilities, fund equity and other credits	\$ 643,144	\$1,527,718	\$ 51,585	\$2,222,447

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, 1997

**Revenues:**

**Taxes:**

Sales	\$ 213,872
Ad valorem	110,288

Fire insurance rebate	11,900
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**Miscellaneous:**

Interest earned	17,239
Other	<u>1,344</u>

Total revenues	<u>354,644</u>
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**Expenditures**

**Public safety:**

Other services and charges	45,548
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Material and supplies	7,918
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Repair and maintenance	15,740
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Capital outlay	<u>51,325</u>
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Total public safety	<u>118,536</u>
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**Debt service:**

Principal retirement	55,664
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Interest and fiscal charges	<u>6,927</u>
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Total debt service	<u>62,591</u>
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Total expenditures	<u>181,127</u>
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<b>Excess Of Revenues Over Expenditures</b>	173,517
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**Fund Balance**

Beginning of year	<u>464,892</u>
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End of year	<u>\$ 638,409</u>
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See notes to financial statements.

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

December 31, 1997

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of 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 nonprofit 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)**

**b. Fund Accounting (Continued)**

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

**c. Basis of Accounting**

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. Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. 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, except for notes payable principal and interest which are reported as expenditures in the year due.

**d. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e. Operating Budgetary Data**

The Department was not required to prepare a budget for the year ended December 31, 1997.



**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f. 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 operation of the General Fund.

**g. 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.

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, curbs 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.

**h. Investments**

Investments are stated at cost, which approximates market.

**i. Long-Term Obligations**

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

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. Long-Term Obligations (Continued)**

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.

**j. Accumulated Vacation and Sick Leave**

The Department has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 1997.

**k. 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.

**l. Memorandum Only - Total Columns**

The total columns 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 consolidation. 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>Vehicles</u>	<u>Land</u>	<u>Total</u>
Balance, January 1, 1997	\$128,339	\$171,633	\$473,231	\$19,120	\$1,478,383
Additions	<u>34,212</u>	<u>1,415</u>	<u>9,353</u>	<u>—</u>	<u>45,980</u>
Balance, December 31, 1997	<u>\$162,551</u>	<u>173,048</u>	<u>482,584</u>	<u>\$19,120</u>	<u>\$1,517,303</u>

**Note 3 - LONG TERM OBLIGATIONS**

During 1994, the Department entered into a lease-purchase agreement in the original amount of \$148,612 for a term of five years. During the year ended December 31, 1997 the Department made the final principal payment on this lease in the amount of \$31,464.

During 1993, the Department financed \$100,000 for a new fire truck at a rate of 7.65%. The loan is to be repaid in 48 installments of \$2,438, 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, 1997:

Long-term obligations, January 1, 1997	\$107,349
Less payments	<u>(55,664)</u>
Long-term obligations, December 31, 1997	<u>\$ 51,685</u>

The annual requirements for long-term obligations outstanding at December 31, 1997 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$26,117	\$3,043	\$29,160
1999	<u>25,668</u>	<u>976</u>	<u>26,644</u>
<b>Totals</b>	<u>\$51,785</u>	<u>\$4,019</u>	<u>\$55,804</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 \$2,500 plus 23.57% of the remaining funds. The total revenue under this agreement for the year ended December 31, 1997 was \$213,872.

In 1990 the voters of St. Charles Parish approved a property tax millage of 1.5 mills for the purpose of fire protection. One-ninth of the total property taxes are remitted to the Department by the St. Charles Parish Council. The total property tax for the year ended December 31, 1997 was \$110,289.

**Note 5 - COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members for the year ended December 31, 1997.

**Note 6 - CONCENTRATION OF CREDIT RISK**

The Department maintains its cash balances at financial institutions in the St. Charles Parish area. Accounts at each institution are covered 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, 1997, the cash deposits of the Department were fully secured.

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



Government Auditing Standards

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF 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 and for the year ended December 31, 1997, and have issued our report thereon dated June 11, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Department's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, 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.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Administration of East Side St. Charles Parish Volunteer Fire Department, Inc. and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, La.,  
June 11, 1998.

## SCHEDULE OF FINDINGS

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

For the year ended December 31, 1997

#### Section I Summary of Auditor's Results

##### a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes  no
- Reportable condition(s) identified that are  
not considered to be material weaknesses             yes  none reported

Noncompliance material to financial statements noted?    yes  no

##### b) Federal Awards

East Side St. Charles Parish Volunteer Fire Department, Inc. did not receive federal awards during the year ended December 31, 1997.

#### Section II Financial Statement Findings

No financial statement findings were reported for the year ended December 31, 1997.

#### Section III Federal Award Findings and Questioned Cost

Not applicable.



**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS**

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

For the year ended December 31, 1997

#### **Section I Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported for the year ended December 31, 1996.  
No reportable conditions were reported for the year ended December 31, 1996.

##### **Compliance**

No compliance findings material to the financial statements were noted during the year ended December 31, 1996.

#### **Section II Internal Control and Compliance Material To Federal Awards**

East Side St. Charles Parish Volunteer Fire Department, Inc. did not receive federal awards during the year ended December 31, 1996.

#### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 1996.

## MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended December 31, 1997

### **Section I Internal Control and Compliance Material to the Financial Statements**

#### **Internal Control**

No material weaknesses were reported for the year ended December 31, 1997.  
No reportable conditions were reported for the year ended December 31, 1997.

#### **Compliance**

No compliance findings material to the financial statements were noted during the year ended December 31, 1997.

### **Section II Internal Control and Compliance Material To Federal Awards**

East Side St. Charles Parish Volunteer Fire Department, Inc. did not receive federal awards during the year ended December 31, 1997.

### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 1997.