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Financial Report

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

Destrehan, Louisiana

December 31, 1998

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. JUL 14 1999
Release Date _____

TABLE OF CONTENTS

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

December 31, 1998

	<u>Exhibit</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii
Financial Section		
Independent Auditor's Report		1 - 2
Combined Balance Sheet - Governmental Fund Type and Account Groups	A	3
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type - General Fund	B	4
Notes to Financial Statements	C	5 - 12
Special Report of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		13 - 14
Schedule of Findings		15
Reports By Management		
Schedule of Prior Year Findings		16
Management's Corrective Action Plan		17



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
East Side St. Charles Parish Volunteer Fire Department, Inc.,
Destrehan, 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, 1998, 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. 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.

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, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 15, 1999 on our consideration of East Side 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, L.L.C.

Certified Public Accountants.

New Orleans, La.,
June 15, 1999.

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

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

December 31, 1998

	Governmental Fund Type General Fund	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 492,882			\$ 492,882
Certificate of deposit	100,000			100,000
Due from St. Charles Parish Council	45,553			45,553
General fixed assets		\$ 1,806,719		1,806,719
Prepaid insurance	15,979			15,979
Other Debits				
Amount to be provided for retirement of general long-term obligations			\$ 25,468	25,468
Total assets and other debits	\$ 654,414	\$ 1,806,719	\$ 25,468	\$ 2,486,601
LIABILITIES, FUND BALANCES AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenses	\$ 8,690			\$ 8,690
Notes payable			\$ 25,468	25,468
Total liabilities	8,690		25,468	34,158
Fund Equity and Other Credits				
Investment in general fixed assets		\$ 1,806,719		1,806,719
Fund balance - Reserved for prepaid expenses	15,979			15,979
Unreserved	629,745			629,745
Total fund equity and other credits	645,724	1,806,719		2,452,443
Total liabilities, fund equity and other credits	\$ 654,414	\$ 1,806,719	\$ 25,468	\$ 2,486,601

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, 1998

Revenues

Taxes:

Sales

\$ 277,720

Ad valorem

104,456

Fire insurance rebate

12,385

Miscellaneous:

Interest earned

18,533

Other

1,426

Total revenues

414,520

Expenditures

Public safety:

Other services and charges

53,987

Material and supplies

23,513

Repair and maintenance

20,362

Capital outlay

280,203

Total public safety

378,065

Debt service:

Principal retirement

26,117

Interest and fiscal charges

3,043

Total debt service

29,160

Total expenditures

407,225

**Excess (Deficiency) Of Revenues
Over Expenditures**

7,295

Fund Balance

Beginning of year

638,429

End of year

\$ 645,724

See notes to financial statements.

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

December 31, 1998

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 (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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:

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

Account groups are used to establish accounting and control and accountability. The Department's Account Groups are as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is used to account for general long-term obligations and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c. Basis of Accounting

Basis of accounting refers to when 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 received from the Parish Government.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting (Continued)

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. Uses 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. Accounts Receivable

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.

f. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Investments

Investments consist of certificates of deposit which are stated at cost and approximates market value.

h. Long-Term Obligations

The accounting and reporting treatment applied to the long-term obligations associated with a fund are determine 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.

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, 1998.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

Note 2 - DEPOSITS (Continued)

The year end bank balances of deposits and the carrying amount as shown on the combined balance sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$200,000	\$ -	\$394,152	\$492,882
Investments:				
Certificates of deposit	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Totals	<u>\$300,000</u>	<u>\$ -</u>	<u>\$394,152</u>	<u>\$592,882</u>

At December 31, 1998, cash in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the Department. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Equipment</u>	<u>Building</u>	Vehicles and <u>Fire Trucks</u>	<u>Land</u>	<u>Total</u>
Balances, January 1, 1998	\$355,086	\$280,038	\$ 882,374	\$10,220	\$1,527,718
Additions	<u>67,454</u>	<u>2,350</u>	<u>209,197</u>	<u>-</u>	<u>279,001</u>
Balances, December 31, 1998	<u>\$422,540</u>	<u>\$282,388</u>	<u>\$1,091,571</u>	<u>\$10,220</u>	<u>\$1,806,719</u>

Note 4 - LONG TERM OBLIGATIONS

During 1995, 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 \$2,430, 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, 1998:

Long-term obligations, January 1, 1998	\$51,585
Less payments	<u>(26,117)</u>
Long-term obligations, December 31, 1998	<u>\$25,468</u>

The annual requirements for long-term obligations outstanding at December 31, 1998 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	<u>\$25,468</u>	<u>\$976</u>	<u>\$26,444</u>

Note 5 - 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, 1998 was \$277,720.

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, 1998 was \$104,456.

Note 6 - COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members for the year ended December 31, 1998.

Note 7 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to volunteers; and natural disasters. The Department has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Department's insurance coverage.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**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, 1998, and have issued our report thereon dated June 15, 1999. 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 Board of Directors, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
June 15, 1999.

SCHEDULE OF FINDINGS

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

For the year ended December 31, 1998

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 X no
- Reportable condition(s) identified that are
 not considered to be material weakness ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

East Side St. Charles Parish Volunteer Fire Department, Inc. did not receive federal awards during the year ended December 31, 1998.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 1998.

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, 1998

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

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

Compliance

No compliance findings material to the general purpose financial statements were noted during the audit for 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.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended December 31, 1998

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 1998.
No reportable conditions were reported during the audit for the year ended December 31, 1998.

Compliance

No compliance findings material to the general purpose financial statements were noted during the audit for the year ended December 31, 1998.

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, 1998.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1998.