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FINANCIAL STATEMENTS AND ACCOUNTANT'S COMPILATION REPORT

**FIRE PROTECTION GRANT OF
ST. JOHN VOLUNTEER FIRE DEPARTMENT, INC.
(RECEIVED FROM LAFOURCHE FIRE PROTECTION DISTRICT NO. 6)
Thibodaux, Louisiana
December 31, 2006**

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

Release Date 7-18-07

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Commissioners of
St. John Volunteer Fire Department, Inc.
Thibodaux, Louisiana

We have compiled the accompanying fire protection grant financial statements of St. John Volunteer Fire Department, Inc. received from Lafourche Fire Protection District No. 6, Thibodaux, Louisiana, as of and for the year ended December 31, 2006, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As discussed in Note A, the financial statements present only the fire protection grant from Lafourche Fire Protection District No. 6 and are not intended to present fairly the financial position and results of operations of St. John Volunteer Fire Department, Inc., in conformity with accounting principles generally accepted in the United States of America.

The St. John Volunteer Fire Department, Inc. did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the year ended December 31, 2006. The effects of this departure from generally accepted accounting principles have not been determined.

Waguespack + Gallagher, LLC

May 17, 2007

**FIRE PROTECTION GRANT OF
ST. JOHN VOLUNTEER FIRE DEPARTMENT, INC.
(RECEIVED FROM LAFOURCHE FIRE PROTECTION DISTRICT NO. 6)
Thibodaux, Louisiana**

**BALANCE SHEET - FIRE PROTECTION GRANT
December 31, 2006
(See Accountant's Compilation Report)**

	<u>Special Revenue Fund-Fire Protection Grant</u>	<u>General Fixed Assets Acquired With Grant Funds</u>	<u>General Long Term Debt Account Group</u>	<u>Total (Memorandum Only)</u>
ASSETS AND OTHER DEBITS				
Assets:				
Cash and cash equivalents	\$ 115,307	\$ -	\$ -	\$ 115,307
Investments-Certificates of Deposit	197,559	-	-	197,559
Due from Volunteer Fund	12,000			12,000
General Fixed Assets-Grant:				
Fire protection equipment	-	1,047,111	-	1,047,111
General Long Term Debt:				
Amount available for retirement of General long term debt	-	-	136,020	136,020
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 324,866</u>	<u>\$ 1,047,111</u>	<u>\$ 136,020</u>	<u>\$ 1,507,997</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Note obligation payable			25,100	25,100
Lease purchase obligation payable	-	-	110,920	110,920
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>136,020</u>	<u>136,020</u>
Equity and Other Credits:				
Investments in general fixed assets-grant funds	-	1,047,111	-	1,047,111
Fund balance-reserved for debt service	136,020	-	-	136,020
Fund balance-unreserved, undesignated	188,846	-	-	188,846
TOTAL EQUITY AND OTHER CREDITS	<u>324,866</u>	<u>1,047,111</u>	<u>-</u>	<u>1,371,997</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$ 324,866</u>	<u>\$ 1,047,111</u>	<u>\$ 136,020</u>	<u>\$ 1,507,997</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION GRANT OF
ST. JOHN VOLUNTEER FIRE DEPARTMENT, INC.
(RECEIVED FROM LAFOURCHE FIRE PROTECTION DISTRICT NO. 6)
Thibodaux, Louisiana**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - SPECIAL REVENUE FUND
FIRE PROTECTION GRANT
For the Year Ended December 31, 2006
(See Accountant's Compilation Report)**

REVENUES

Intergovernmental revenues-		
Fire protection grant from		
Lafourche Fire Protection District No. 6	\$	97,573
Fire insurance rebate		29,620
Use of money and property-		
Interest earnings		4,333
Grant funds		24,132
Other Income		<u>26,437</u>
TOTAL REVENUES		<u>182,095</u>

EXPENDITURES

Current operating		
Public safety		59,754
Capital outlay		
Public safety		190,003
Debt Service		
Principal		35,000
Interest		<u>2,205</u>
TOTAL EXPENDITURES		<u>286,962</u>

EXCESS (DEFICIENCY) OF REVENUES (104,867)

OTHER FINANCING SOURCES

Capital Lease Proceeds		<u>110,920</u>
TOTAL OTHER FINANCING SOURCES		<u>110,920</u>

**EXCESS (DEFICIENCY) OF REVENUES AND
OTHER FINANCING SOURCES OVER
EXPENDITURES** 6,053

FUND BALANCE AT BEGINNING OF YEAR 318,813

FUND BALANCE AT END OF YEAR \$ 324,866

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION GRANT OF
ST. JOHN VOLUNTEER FIRE DEPARTMENT, INC.
(RECEIVED FROM LAFOURCHE FIRE PROTECTION DISTRICT NO. 6)
Thibodaux, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fire Protection Grant of St. John Volunteer Fire Department received from Lafourche Fire Protection District No. 6 have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the fire department's accounting policies are described below.

FINANCIAL REPORTING ENTITY – During 1990, the Lafourche Fire Protection District entered into a grant agreement with St. John Volunteer Fire Department, Inc. The fire protection grant was for the purpose of acquiring, maintaining, and operating buildings, machines, water tanks, water hydrants, water lines and any other things necessary to provide proper fire prevention and control of the property within the boundaries of the department.

The volunteer fire department is a privately created quasi-public corporation that is subject to the grant provisions of its funding agency. The board members are not appointed by the parish council. The volunteer fire department is not fiscally dependent on the parish council and the nature and significance of their relationship with the parish council is not such that their exclusion would render the parish council's financial statements incomplete or misleading. Therefore, the volunteer fire department is a separate special purpose government.

The accompanying financial statements present information only on the fire protection grant received by the fire department from the Lafourche Fire Protection District No. 6 and do not present information on the Parish Council, the general government services provided by that governmental unit, and other governmental units that comprise the Parish Council's reporting entity, nor any other non grant funds received by the fire department. St. John Volunteer Fire Department, Inc. has no component units.

FUND ACCOUNTING - The fire department is organized and operated on the basis of a fund and account group whereby a separate, self balancing set of accounts is maintained that comprises its assets, liabilities, fund equity, revenues, and expenditures.

SPECIAL REVENUE FUND - The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

MEMORANDUM ONLY-TOTAL COLUMN - The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

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's records are maintained on a cash basis of accounting. However, the fund, as reported in the accompanying financial statements, has been converted to a modified accrual basis of accounting using the following practices in recording revenues and expenditures:

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Thibodaux, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is when they become measurable and available to finance expenditures of the fiscal period.

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

BUDGET PRACTICE - The fire department adopts an annual budget based on anticipated revenues consistent with generally accepted accounting principles. Annual appropriations of funds are not made. Budgetary accounts are not integrated in the formal accounting system. Encumbrance accounting is not followed because of the small number of transactions involved.

CASH AND CASH EQUIVALENTS - For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Amounts are classified as cash equivalents if the original maturities are 90 days or less. Under state law, the department may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana and national banks having their principal offices in Louisiana. Further, the department may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

GENERAL FIXED ASSETS AND LONG-TERM LIABILITIES - Fixed assets are accounted for in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs. The account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations. It is the policy of the department not to capitalize interest. As the department has no infrastructure assets, no accounting policy for infrastructure assets has been adopted.

PENSION PLAN AND VACATION AND SICK LEAVE - All members of the fire department are volunteers. Therefore, the fire department does not contribute to a pension plan and does not have a formal vacation and leave policy.

NOTE B - CASH AND CASH EQUIVALENTS

At December 31, 2006, the department had cash and cash equivalents totaling (book balances) \$115,307. Cash and cash equivalents are stated at cost, which approximates market. The following is a summary of cash and cash equivalents (bank balances) at December 31, 2006, with the related federal deposit insurance:

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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006**

NOTE B - CASH AND CASH EQUIVALENTS – (continued)

Interest-bearing demand deposits	\$ 115,307
Investments-Certificates of deposit	<u>197,559</u>
Total bank balances	<u>\$ 312,866</u>
Federal deposit insurance & pledged securities	<u>\$ 312,866</u>
Total insurance	<u>\$ 312,866</u>

NOTE C - CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in fixed assets.

	<u>BALANCE</u> <u>12-31-05</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>12-31-06</u>
Fire protection facilities and equipment	<u>\$ 857,108</u>	<u>\$ 190,003</u>	<u>\$ -</u>	<u>\$ 1,047,111</u>

**FIRE PROTECTION GRANT OF
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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006**

NOTE D - CAPITAL LEASE OBLIGATIONS

The St. John Volunteer Fire Department, Inc. records vehicles acquired through capital leases as an asset and an obligation in the accompanying financial statements. The following is a summary of the capital lease obligation transactions for the year ended December 31, 2006:

Capital Lease Obligations Payable at January 1, 2006	\$ -
Additions	110,920
Reductions	<u>-</u>
Capital Lease Obligations Payable at December 31, 2006	<u>\$ 110,920</u>

The capital lease entered into during the year ended December 31, 2006 is for a fire truck used in the fire department operations. The payment term of the capital lease is for 4 years at an interest rate of 4.85%. The capital lease agreement contains a non-appropriation clause; therefore, in the event that insufficient funds are budgeted for the purposes of funding the capital lease obligation, the fire department (lessee) can terminate the lease arrangement with the lessor upon notification in writing.

Future minimum lease payments under the capital lease, together with the present value of net minimum lease payments as of December 31, 2006 are scheduled as follows:

Fiscal year:	
2007	31,172
2008	31,172
2009	31,172
2010	<u>31,171</u>
Total minimum lease payments	124,687
Less – amounts representing interest	<u>(13,767)</u>
Present value of net minimum lease payments	<u>\$ 110,920</u>

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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006**

NOTE E – NOTES PAYABLE

A note agreement was entered into, using certificates of deposit as collateral, at Coastal Commerce Bank on October 3, 2003 for \$50,100. The payment terms for this note are 102 days at 2.850% interest. On March 10, 2004, the remaining balance of \$40,100 was refinanced at Coastal Commerce Bank. The payment terms of this new note include 11 quarterly interest payments beginning June 10, 2004 with interest calculated at 5.00%; 2 annual consecutive principal payments of \$10,000 each beginning March 10, 2005 and one remaining principal and interest payment on March 10, 2007 of approximately \$15,303. The following is a summary of the note transactions for 2006:

Balance at January 1, 2006	\$ 35,100
Additions	-
Reductions	<u>(20,000)</u>
Balance at December 31, 2006	<u>\$ 15,100</u>

Future minimum note payments, together with the present value of net minimum note payments as of December 31, 2006 are scheduled as follows:

Fiscal Year:	
2007	<u>\$ 15,303</u>
Total minimum note payments	15,303
Less: amounts representing interest	<u>(303)</u>
Present value of net minimum note payments	<u>\$ 15,100</u>

A note agreement was entered into, using certificates of deposit as collateral, at Community Bank on October 3, 2003 for \$50,000. The payment terms for this note are 5 years at 3.18% interest. The following is a summary of the note transactions for 2006:

Balance at January 1, 2006	\$ 25,000
Additions	-
Reductions	<u>(15,000)</u>
Balance at December 31, 2006	<u>\$ 10,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006**

NOTE E – NOTES PAYABLE-(continued)

Future minimum note payments, together with the present value of net minimum note payments as of December 31, 2006 are scheduled as follows:

Fiscal Year:	
2007	<u>10,145</u>
Total minimum note payments	10,145
Less: amounts representing interest	<u>(145)</u>
Present value of net minimum note payments	<u>\$ 10,000</u>

NOTE F - LITIGATION AND CLAIMS

There are no claims or litigation pending against the fire department at December 31, 2006 according to management of the fire department.