

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**

**DESTREHAN, LOUISIANA**

**Basic Financial Statements  
With Required Supplemental Information  
And Independent Auditor's Reports**

**As of and for the Year Ended December 31, 2005**

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 8-2-06



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**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**  
Destrehan, Louisiana

Basic Financial Statements  
With Supplemental Information Schedules  
and Independent Auditor's Report

As of and for the year ended December 31, 2005

**TABLE OF CONTENTS**

	<b>Statement</b>	<b>Page</b>
<u>Financial Section:</u>		
Independent Auditor's Report		3
<u>Required Supplemental Information (Part 1 of 2)</u>		
Management's Discussion and Analysis		5
<u>Basic Financial Statements:</u>		
<u>Government-wide Financial Statements</u>		
Statement of Net Assets	A	10
Statement of Activities	B	11
<u>Fund Financial Statements</u>		
Balance Sheet – Governmental Fund	C	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	D	13
Reconciliation of the Governmental Fund Balance Sheet to the Government-wide Statement of Net Assets		14
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities		15
Notes to the Financial Statements		16

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**  
Destrehan, Louisiana

Basic Financial Statements  
With Supplemental Information Schedules  
and Independent Auditor's Report

As of and for the year ended December 31, 2005

	<b>Schedule</b>	<b>Page</b>
<u>Required Supplemental Information (Part 2 of 2)</u>		
Notes to Required Supplemental Information		27
<u>Supplemental Information Schedules:</u>		
Summary Schedule of Prior Audit Findings - 0412-01	1	28
Corrective Action Plan for Current Year Audit Findings - 0512-01	2	29
<u>Other Report Required By Government Auditing Standards:</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>		30



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and major fund of East Side St. Charles Parish Volunteer Fire Department, Inc. as of and for the year ended December 31, 2005, which collectively comprise the Fire Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of East Side St. Charles Parish Volunteer Fire Department, Inc.'s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the 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 opinions.

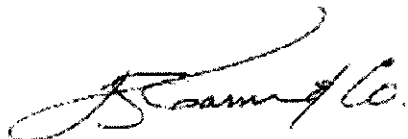
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the East Side St. Charles Parish Volunteer Fire Department, Inc., as of December 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2006, on our consideration of East Side St. Charles Parish Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Fire Department has not presented the budgetary comparison information which is supplementary information required by accounting principles generally accepted in the United States of America because the Fire Department is a non-profit quasi-public entity and is not bound by the Louisiana Statutes for budgeting.

The management's discussion and analysis on pages 5 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Side St. Charles Parish Volunteer Fire Department, Inc.'s basic financial statements. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Thibodaux, Louisiana  
June 22, 2006

**Required Supplemental Information**  
(Part 1 of 2)

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**  
Destrehan, Louisiana

Management's Discussion and Analysis  
For the year ended December 31, 2005

Our discussion and analysis of the East Side St. Charles Parish Volunteer Fire Department, Inc.'s (hereafter referred to as the Fire Department) financial performance provides an overview of the Fire Department's financial activities for the fiscal year ended December 31, 2005. Please read it in conjunction with the Fire Department's financial statements, which begin on page 10.

**FINANCIAL HIGHLIGHTS**

- Based upon the operation of 2005, the Fire Department's net assets increased by \$113,227 and resulted in ending net assets of \$2,386,646.
- Cash at the end of the year were \$218,777 higher than last year.
- During the year, the Fire Department entered into a new loan that paid the balance of the multiple advance loan that it took to help pay the cost of constructing a new fire station in New Sarpy. The new loan was in the amount of \$650,000 with an interest rate of 5.9% and monthly payments of \$7,212.56 starting on June 3, 2005 and ending on May 3, 2015. See note 5 for more information regarding the loan.

**USING THIS ANNUAL REPORT**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 10 and 11 provides information about the financial activities of the Fire Department and illustrate a longer-term view of the Fire Department's finances. Fund financial statements start on page 12. For governmental-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the Fire Department's operations in more detail than the government-wide sections of the statements by providing information about the Fire Department's significant funds.

**A. REPORTING ON THE GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**1. The Statement of Net Assets and the Statement of Activities**

The government-wide financial statements present financial information for all activities of the Fire Department from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Fire Department's net assets and the change in them. These net assets, the difference between the assets and the liabilities, are one way to measure the Fire Department's financial position or financial health. Over time, increases or decreases in the Fire Department's net assets are one indicator of whether its financial health is improving or deteriorating.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**  
Destrehan, Louisiana

Management's Discussion and Analysis  
For the year ended December 31, 2005

**B. REPORTING ON THE FIRE DEPARTMENT'S MOST SIGNIFICANT FUNDS**

**1. Fund Financial Statements**

The fund financial statements provide detailed information about the Fire Department's General Fund. All of the Fire Department's expenses, are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using the modified accrual method, which measures cash and all other financial assets that could readily converted to cash. The governmental fund statements provide a detailed short-term view of the Fire Department's general operations and the expense paid from this fund. The information in the governmental fund helps determine if there are more or less financial resources to finance future Fire Department expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental fund in reconciliations on pages 14 and 15.

**AN ANALYSIS OF THE FIRE DEPARTMENT USING GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**A. STATEMENT OF NET ASSETS**

The following amounts reflect condensed information on the Fire Department's net assets:

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Current assets	\$ 621,179	\$ 327,365
Capital assets, net of accumulated depreciation	<u>2,427,338</u>	<u>2,394,196</u>
<b>Total assets</b>	<b>\$ 3,048,517</b>	<b>\$ 2,721,561</b>
<b>LIABILITIES</b>		
Current liabilities	\$ 75,021	\$ 98,142
Long-term liabilities	<u>586,850</u>	<u>350,000</u>
<b>Total liabilities</b>	<b>\$ 661,871</b>	<b>\$ 448,142</b>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	\$ 1,789,233	\$ 2,044,196
Restricted for prepaid insurance	26,558	26,378
Unrestricted	<u>570,855</u>	<u>202,845</u>
<b>Total net assets</b>	<b>\$ 2,386,646</b>	<b>\$ 2,273,419</b>



**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**

Destrehan, Louisiana

Management's Discussion and Analysis  
For the year ended December 31, 2005

- Current assets at the end of 2005 were \$293,814 higher than at the end of 2004. This was primarily attributable to an increase in cash of \$218,777 and an increase in sales taxes receivable of \$73,576 in relation to 2004. The increase in cash was caused by the Fire Department using a large portion of its cash last year before it got a loan to cover the rest of the construction costs of the new fire station it is building. The increase in sales taxes receivable was caused by an increase in sales taxes paid within the Parish because of an increase in population after Hurricane Katrina. Also, the Fire Department did not receive the check for the November collections until January which was a cause for the increase in receivable.
- During the year, the Fire Department entered into a new loan that paid the balance of the multiple advance loan that it took to help pay the cost of constructing a new fire station in New Sarpy. The new loan was in the amount of \$650,000 with an interest rate of 5.9% and monthly payments of \$7,212.56 starting on June 3, 2005 and ending on May 3, 2015. See note 6 for more information regarding the loan.
- At the end of the year, the Fire Department had capital assets, net of accumulated depreciation in the amount of \$2,427,338. This was made up of \$4,059,546 in capital assets and \$1,632,208 in accumulated depreciation. The Fire Department purchased \$9,159 in equipment and paid \$184,261 towards the construction of its new station during 2005.

**B. STATEMENT OF ACTIVITIES**

The following table illustrates the revenues and expenses that produced the increase in net assets for the fiscal year.

	<u>2005</u>	<u>2004</u>
<b>Revenue</b>		
General revenue	\$ 490,300	\$ 397,286
Total revenue	490,300	397,286
<b>Expenses</b>		
Public safety - fire protection	377,073	306,654
Total expenses	377,073	306,654
Change in net assets	113,227	90,632
<b>Net assets:</b>		
Beginning of the year	<u>2,273,419</u>	<u>2,182,787</u>
End of the year	<u>\$ 2,386,646</u>	<u>\$ 2,273,419</u>

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**

Destrehan, Louisiana

Management's Discussion and Analysis  
For the year ended December 31, 2005

- Based upon the operation of 2005, the Fire Department's net assets increased by \$113,227 and resulted in ending net assets of \$2,386,646. The main reason for the increase in net assets is the Fire Department was focused on paying for the construction on the new fire station and when this money was spent it was not an expense on the Statement of Activities.
- Revenue for the year was \$93,014 higher than last year primarily because of an increase in sales tax revenue (\$74,327) and insurance proceeds that the Fire Department received in 2005 (\$24,446).
- Expenses for the year were \$70,419 higher than last year primarily because the Fire Department paid more interest and purchased more personnel equipment and supplies in 2005.

**GOVERNMENTAL FUND**

The Fire Department uses funds to help control and manage money for particular purposes. At the completion of the year, the Fire Department's governmental fund reported a fund balance of \$475,752. This reflects an increase of \$380,040 from last year. This increase is mainly because the Fire Department received \$300,000 of proceeds from its loan to pay for the construction of the new station.

**CAPITAL ASSETS AND LONG-TERM DEBT**

During the year, the Fire Department purchased \$9,159 in equipment and paid \$184,261 towards the construction of its new station. This increased the construction in progress to \$1,126,384. Depreciation expense for the year was \$160,277. The total capital assets, net of accumulated depreciation, were \$2,427,338 as of December 31, 2005.

The Fire Department is in the process of arbitration with the general contractor it retained for the construction of the new station. The general contractor has filed for arbitration of certain disputes it has with the Fire Department.

During the year, the Fire Department entered into a new loan that paid the balance of the multiple advance loan that it took to help pay the cost of constructing a new fire station in New Sarpy. The new loan was in the amount of \$650,000 with an interest rate of 5.9% and monthly payments of \$7,212.56 starting on June 3, 2005 and ending on May 3, 2015. See note 5 for more information regarding the loan.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Because the Fire Department is a quasi-public entity, it does not have to comply with state laws regarding budgeting.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**

Destrehan, Louisiana

Management's Discussion and Analysis  
For the year ended December 31, 2005

**ECONOMIC FACTORS FOR NEXT YEAR**

- The Fire Department will finish the construction of the new fire station in New Sarpy during 2006. It plans to begin to use the station as soon as the necessary repairs and arbitration are done. The Fire Department will buy the necessary equipment and gear to begin using the new fire station.
- The Fire Department plans to do some work to refurbish Station #2.
- The Fire Department plans to increase its fire training and fire prevention training.

**CONTACTING THE FIRE DEPARTMENT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Fire Department's finances and to show the Fire Department's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Mr. Charles Camp, Treasurer, P.O. Box 668, Destrehan, Louisiana 70047.

**CLOSING COMMENTS**

The Fire Department continues to closely monitor the use of its funds to ensure that the funds are spent wisely. We are very proud of the progress that has been made throughout the parish in fire protection to all our citizens.

## **Basic Financial Statements**

# **Basic Financial Statements**

## **Government-Wide Financial Statements**

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
Destrehan, Louisiana**

**Statement of Net Assets  
December 31, 2005**

	<b>Governmental Activites</b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 334,449
Receivables:	
Ad valorem taxes	137,349
Sales taxes	122,823
Prepaid insurance	26,558
Total current assets	621,179
Fixed assets:	
Capital assets, net of accumulated depreciation	2,427,338
Total fixed assets	2,427,338
<b>Total assets</b>	<b>\$ 3,048,517</b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable to various vendors	\$ 8,078
Accrued interest payable	15,687
Current portion of long-term liabilities	51,256
Total current liabilities	75,021
Long-term liabilities:	
Due in more than one year	586,850
Total long-term liabilities	586,850
<b>Total liabilities</b>	<b>\$ 661,871</b>
<b>NET ASSETS</b>	
Investment in capital assets, net of related debt	\$ 1,789,233
Restricted for prepaid insurance	26,558
Unrestricted	570,855
<b>Total net assets</b>	<b>\$ 2,386,646</b>

The accompanying notes are an integral part of this statement.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC  
Destrehan, Louisiana**

**Statement of Activities  
For the Year Ended December 31, 2005**

	Program Revenues			Total
	Expenses	Charges for Services	Operating Grants & Contributions	
<b>Expenses:</b>				
Governmental activities:				
Public safety - fire protection:				
Repairs and maintenance	\$ 40,172	\$ 0	\$ 0	\$ 40,172
Professional fees	6,524	0	0	6,524
Insurance	47,052	0	0	47,052
Fuel	3,881	0	0	3,881
Supplies and materials	19,421	0	0	19,421
Utilities and telephone	23,438	0	0	23,438
Personnel	16,778	0	0	16,778
Fire prevention	2,202	0	0	2,202
Dues and subscriptions	848	0	0	848
Office expense	7,078	0	0	7,078
Loan fee	3,288	0	0	3,288
Meetings and conventions	2,483	0	0	2,483
Installation of officers	4,808	0	0	4,808
Miscellaneous	4,875	0	0	4,875
Depreciation expense	160,277	0	0	160,277
Interest expense	33,948	0	0	33,948
	<u>\$ 377,073</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 377,073</u>
<b>Total governmental activities</b>	<b>\$ 377,073</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 377,073</b>

**General Revenues:**

Ad valorem tax	\$ 127,266
Sales tax	316,666
Fire insurance rebate	19,638
Insurance proceeds	24,446
Interest income	2,055
Miscellaneous income	229
	<u>229</u>

**Total general revenues** **\$ 490,300**

**Change in net assets** **113,227**

**Net assets:**

Beginning of the year	<u>2,273,419</u>
End of the year	<u>\$ 2,386,646</u>

The accompanying notes are an integral part of this statement.

# **Basic Financial Statements**

## **Fund Financial Statements**



**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
Destrehan, Louisiana**

**Balance Sheet - Governmental Fund  
December 31, 2004**

		<u>General Fund</u>
<b>ASSETS</b>		
Cash	\$	334,449
Receivables:		
Ad valorem taxes		137,349
Sales taxes		122,823
Prepaid insurance		<u>26,558</u>
Total Assets	\$	<u><u>621,179</u></u>
 <b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities</b>		
Accounts payable to various vendors	\$	8,078
Deferred revenue		<u>137,349</u>
Total liabilities	\$	<u>145,427</u>
 <b>Fund equity and other credits</b>		
Fund balance:		
Reserved for prepaid insurance	\$	26,558
Unreserved - undesignated		<u>449,194</u>
Total fund equity and other credits	\$	<u>475,752</u>
Total liabilities, fund equity and other credits	\$	<u><u>621,179</u></u>

The accompanying notes are an integral part of this statement.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
Destrehan, Louisiana**

**Statement Revenues, Expenditures, and Changes in Fund Balances  
Governmental Fund  
For the Year Ended December 31, 2005**

<b>Revenues</b>	
Taxes:	
Sales	\$ 316,666
Ad valorem	123,428
Fire insurance rebate	19,638
Miscellaneous:	
Interest earned	2,055
Other	<u>229</u>
Total revenues	<u>462,016</u>
<b>Expenditures</b>	
Public safety - fire protection:	
Current:	
Repairs and maintenance	34,397
Professional fees	6,524
Insurance	47,052
Fuel	3,881
Supplies and materials	25,195
Utilities and telephone	23,438
Personnel	16,778
Fire prevention	2,202
Dues and subscriptions	848
Office expense	7,078
Loan fee	3,288
Meetings and conventions	2,483
Installation of officers	4,808
Miscellaneous	4,876
Capital outlay:	
Capital outlay	193,419
Retirement of long-term debt	
Principal retirement	11,894
Interest	<u>18,261</u>
Total expenditures - public safety	<u>406,422</u>
<b>Excess of revenues over expenditures</b>	<b>55,594</b>
<b>Other financing sources:</b>	
Loan proceeds	300,000
Insurance proceeds	<u>24,446</u>
Total other financing sources	<u>324,446</u>
<b>Excess of revenues and other financing sources over/(under) expenditures</b>	<b>380,040</b>
<b>Fund balance</b>	
Beginning of year	<u>95,712</u>
End of year	<u>\$ 475,752</u>

The accompanying notes are an integral part of this statement.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
Destrehan, Louisiana**

**Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Assets  
December 31, 2005**

Total Fund Balances - Governmental Fund	\$	475,752
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet		2,427,338
Ad valorem taxes will be collected after year end; but, they are not available soon enough to pay for the current period expenditures; therefore they are reported as deferred revenue in the fund financial statements.		137,349
Some liabilities reported in the statement of net assets do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest payable		(15,687)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet. All liabilities both current and long-term are reported in the Statement of Net Assets.		
Notes payable		<u>(638,106)</u>
Total Net Assets - Governmental activities	\$	<u>2,386,646</u>

The accompanying notes are an integral part of this statement.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
Destrehan, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended December 31, 2005**

Net Change in Fund Balances - Governmental Funds	\$	380,040
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report proceeds from loans as an other financing source on the Statement of Revenue, Expenditures, and Change in Fund Balance; however, this is not reported as a revenue source on the Statement of Activities. These proceeds are reported on the Statement of Net Assets as an increase in long-term liabilities.</p>		
Loan proceeds		(300,000)
<p>Governmental funds report debt service payments as expenditures. However, repayment of principle indebtedness reduces long-term reduces long-term liabilities in the statement of net assets instead of being an expense. This is the amount of principal repayments in the current year.</p>		
		11,894
<p>Ad valorem tax revenue in the statement of activities that do not provide current resources is not reported as revenue in the fund financial statements.</p>		
		3,838
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital assets purchased	\$ 193,419	
Depreciation expense	<u>(160,277)</u>	33,142
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued interest payable		<u>(15,687)</u>
Change in Net Assets - Governmental activities	\$	<u>113,227</u>

The accompanying notes are an integral part of this statement.

## **Notes to the Financial Statements**

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

**INTRODUCTION**

The East Side St. Charles Parish Volunteer Fire Department, Inc. (Fire Department) was organized as a non-profit quasi-governmental corporation to provide fire protection to the Parish of St. Charles. The Fire Department is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code. Its objective is to provide fire protection to the Parish of St. Charles.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Fire Department's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Fire Department are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

- The financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Fire Department's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the Fire Department's activities.

The Fire Department implemented this Statement No. 34 in its fiscal year that ended December 31, 2004.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

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

**B. Reporting entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The Fire Department is not a governmental unit although it receives a substantial amount of its revenue from the St. Charles Parish Council. As a result of a contractual agreement, the Fire Department is accountable to the Parish Council for fiscal matters. The St. Charles Parish Council does not appoint the governing board, or management. The Fire Department reports as an independent reporting entity.

**C. Basic Financial Statements - Government-wide Statements**

The Fire Department's basic financial statements include both government-wide (reporting the Fire Department as a whole) and fund financial statements (reporting the Fire Department's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Fire Department's general fund is its only fund and is classified as a governmental fund. The Fire Department has no business-type activities.

In the government-wide Statement of Net Assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Fire Department's net assets are reported in two parts—invested in capital assets, net of related debt and unrestricted net assets.

The government-wide Statement of Activities reports the costs of the Fire Department's functions. General government revenues support the functions. The Statement of Activities also reports the change in net assets for the period shown.

This government-wide focus is more on the sustainability of the Fire Department as an entity and the change in the Fire Department's net assets resulting from the current year's activities.

**D. Basic Financial Statements - Fund Financial Statements**

The Fire Department uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

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

**D. Basic Financial Statements - Fund Financial Statements (Continued)**

A fund is a separate entity with a self-balancing set of accounts. Funds of the Fire Department are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of the only existing fund type follow:

Governmental Funds

Governmental funds account for the Fire Department's entire general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. The general fund is the operating fund of the Fire Department and accounts for all financial resources. It is the Fire Department's only governmental fund.

**E. Basis of Accounting / Measurement Focus**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual:

Governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**F. Budgets and Budgetary Accounting**

The Fire Department does not have to comply with state laws regarding budgeting.



**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

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

**G. Cash and Cash Equivalents**

Under state law, the department may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Cash and cash equivalents, which include interest bearing demand deposit accounts and certificates of deposit with an original maturity of less than 90 days, are stated at cost, which approximates fair market value.

**H. Investments**

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.

Certificates of deposit, with an original maturity of greater than 90 days, which are stated at cost which approximates market are considered investments. Investments in certificates of deposit are reported at cost because they are "nonparticipating" interest-earning investment contracts as discussed in GASB 31. The term "nonparticipating" means that the investment value does not vary with market interest rate changes. Investments which include securities traded on a national or international exchange are valued based on their last reported sales price (fair value). Investments that do not have an established market are reported at estimated fair value.

The Fire Department does not have any investments.

**I. Inventories**

Physical inventories consist of expendable supplies held for consumption. Because inventories are expended within one operating cycle they are recorded as expenditures when paid for and are not recorded as an inventory asset.

**J. Receivables**

The financial statements of the Fire Department do not contain an allowance for uncollectible receivables because management believes all amounts will be collected. However, if management becomes aware of information that would change its assessment about the collectibility of any receivable, management would write off the receivable as a bad debt at that time.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

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

**K. 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.

**L. Capital Assets**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is

Buildings	40 years
Building improvements	10 - 40 years
Equipment	5 - 15 years
Vehicles	5 - 15 years

recorded using the straight-line method over the useful lives of the assets as follows: In June of 1999, the Governmental Accounting Standards Board issued Statement No. 34 that requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. All assets of the Fire Department are reported in the accompanying financial statements. The Fire Department owns no infrastructure.

In the fund financial statements, capital assets used in the Fire Department's operations are accounted for as capital outlay expenditures of the governmental fund that provided the resources to acquire the assets. Depreciation is not computed or recorded on capital assets for purposes of the fund financial statements.

**M. Long-Term Obligations**

In the government-wide financial statements, debt and principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt and principal payments of governmental funds are recognized as expenditures when paid.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

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

**N. Net Assets/Fund Balances**

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Fire Department has restricted net assets for prepaid insurance.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

When both restricted and unrestricted resources are available for use, it is the Fire Department's policy to use restricted resources first to finance its activities.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved

These resources are segregated because their use is earmarked for a specific use. The Fire Department has reserved fund balances for prepaid insurance.

Unreserved

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

**NOTE 2. CASH**

At December 31, 2005, the Fire Department had cash (book balances) totaling \$334,449, as follows:

<u>Cash</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Credit Risk Category</u>
First American Bank:					
Checking - Operating	\$ 82,087	\$ 82,087	0.47%	Demand	Category 1
Capital One Bank:					
Checking - General	227,864	\$ 227,864		Demand	Category 1 & 3
Savings - Benefit Savings	8,764	8,764	0.35%	Demand	Category 3
Checking - Utility Fund	15,559	15,559	0.45%	Demand	Category 3
Petty Cash	175	175	None	Demand	N/A
<b>Total Cash</b>	<b>\$ 334,449</b>	<b>\$ 334,449</b>			

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the total balances of the Fire Department's checking accounts (bank balances) and certificates of deposits at the two institutions that the Fire Department has accounts with totaled \$339,018. The total amount secured by FDIC insurance (Category 1) was \$186,095. The remaining \$152,923 was uninsured but was collateralized by securities pledged by the bank and held for the benefit of the Fire Department (Category 3) thereby eliminating their credit risks.

**NOTE 3. REVENUE RECEIVABLES**

The receivables at December 31, 2005 consisted of ad valorem taxes in the amount of \$137,349, and sales taxes in the amount of \$122,823.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Balance at 12/31/2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2005</u>
Capital assets not being depreciated:				
Land	\$ 85,479	\$ 0	\$ 0	\$ 85,479
Total capital assets not being depreciated	<u>85,479</u>	<u>0</u>	<u>0</u>	<u>85,479</u>
Capital assets being depreciated:				
Buildings	611,993	0	0	611,993
Vehicles	1,659,365	0	0	1,659,365
Equipment	567,166	9,159	0	576,325
Construction in progress	942,123	184,261	0	1,126,384
Total capital assets being depreciated	<u>3,780,647</u>	<u>193,419</u>	<u>0</u>	<u>3,974,067</u>
Less: accumulated depreciation	<u>(1,471,931)</u>	<u>(160,277)</u>	<u>0</u>	<u>(1,632,208)</u>
Total capital assets being depreciated, net	<u>2,308,716</u>	<u>33,142</u>	<u>0</u>	<u>2,341,859</u>
Total capital assets, net	<u>\$ 2,394,195</u>	<u>\$ 33,142</u>	<u>\$ 0</u>	<u>\$ 2,427,338</u>

Depreciation expense for the year 2005 was \$160,277.

At the end of the year, the Fire Department was still in the process of completing the new station that it began building in 2004. It expects to complete the station in 2006. When it is complete, the total cost of the station that is in construction in progress will be moved into the buildings category and begin to be depreciated.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

**NOTE 5. LONG-TERM DEBT**

A summary of the changes in general long-term debt obligations of the Fire Department is as follows:

Long-term obligations payable at December 31, 2004	\$ 350,000
Additions	300,000
Deductions	<u>(11,894)</u>
Long-term obligations payable at December 31, 2005	<u>\$ 638,106</u>

During 2004, the Fire Department took out a loan to build a new fire station in New Sarpy. The loan is a multiple advance loan in the amount of \$750,000. By year-end, the Fire Department took advances totaling \$350,000. The loan had an interest rate of 4% and an original maturity date of February 2, 2005; however, the maturity date was later extended to be due on May 2, 2005.

On May 3 2005, the Fire Department entered into a new loan that paid the balance of the multiple advance loan. The new loan was in the amount of \$650,000 with an interest rate of 5.9% and monthly payments of \$7,212.56 starting on June 3, 2005 and ending on May 3, 2015.

The required principal and interest payments for the life of the loan are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total Payment</u>
2006	\$ 35,295	\$ 51,256	\$ 86,551
2007	32,188	54,363	86,551
2008	28,892	57,659	86,551
2009	25,397	61,154	86,551
2010	21,690	64,861	86,551
2011-2015	45,394	348,813	394,207
<b>Total</b>	<b>\$ 188,856</b>	<b>\$ 638,106</b>	<b>\$ 826,962</b>

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

**NOTE 6. 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 23.07% of the remaining funds. The total revenue under this agreement for the year ended December 31, 2005 was \$316,666.

**NOTE 7. AD VALOREM TAX**

Effective July 21, 1990, the voters of St. Charles Parish approved a property tax millage in the amount of 1.6 mills. This tax is collected by the St. Charles Parish Sheriff to be used for the fire protection of the Parish of St. Charles. The funds are distributed when collected to the nine individual fire departments of the St. Charles Parish Firemen's Association, Inc. by the parish's Department of Finance. The Fire Department's share of the total property tax for the year ended December 31, 2005 was \$127,266.

The ad valorem tax is levied each year by the St. Charles Parish Assessor on November 15 based upon the assessed value, less homestead exemptions. The 1st day of January preceding the annual levy date (Nov. 15th) is used as the date to value the property subject to tax. The tax becomes due on November 15 and is considered delinquent if not paid by December 31. Most of the property tax revenues are collected during the months of December, January, and February.

Government-wide financial statements

Ad valorem tax revenue is recognized in the year for which the taxes are levied. Revenue is recognized as the current year's assessment less the uncollected portion of the prior year's assessment.

Fund financial statements

The Fire Department does not consider the current year's assessment to be "available" for current year expenditures and budgets the revenue to be used in the year following the assessment, when the majority of the taxes are actually collected.

**NOTE 8. INSURANCE PROCEEDS**

During the year 2005, the Fire Department received money from insurance claims that it filed for damage from the hurricanes. The Fire Department received \$24,446 to repair the damage from the hurricanes.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Financial Statements  
As of and for the year ended December 31, 2005

**NOTE 9. LEASE COMMITMENTS**

The Department has entered into two operating leases with St. Charles Parish at no cost to the Department as follows:

<u>Location</u>	<u>Term</u>
Parcel T-1A of Ormond Country Club	Twenty years commencing November 5, 2002
Fire Station, 13902 River Road, Destrehan including all improvements	Expires September 1, 2015

**NOTE 10. RISK MANAGEMENT**

The Fire Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illnesses or injuries to its volunteers; and natural disasters. The Fire Department has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Fire Department's insurance coverage.

The Fire Department's management has not purchased commercial insurance or made provisions to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

**NOTE 11. LITIGATION AND CLAIMS**

In 2005, the Fire Department has a potential matter against it put forth by the general contractor the Fire Department retained for the construction of the new fire station. The general contractor has filed for arbitration of certain disputes it has with the Fire Department. The Fire Department's legal council said that after initial consultation with representatives of the Fire Department and with its architectural design professional, it is his opinion that this arbitration poses minimal risk of financial loss to the Fire Department. The Fire Department intends to vigorously defend this matter.



**Required Supplemental Information**  
(Part 2 of 2)

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.  
DESTREHAN, LOUISIANA**

Notes to the Required Supplementary Information  
As of and for the year ended December 31, 2005

**NOTE 1. BUDGET COMPARISON SCHEDULE**

The Fire Department is not required by law to establish and adhere to a budget. Therefore, the requirement to present budgetary comparison information is eliminated.

## **Supplemental Information Schedules**

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**

**Summary of Schedule of Prior Audit Findings  
As of and for the Year Ended December 31, 2005**

**Ref. No.**

0412-01

**Fiscal Year Finding Initially Occurred**

All previous years

**Description of Finding**

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the East Side St. Charles Parish Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

**Corrective Action Taken (Yes, No, Partially)**

No

**Planned Corrective Action/Partial Corrective Action Taken**

None

**Additional Explanation**

This is a common reportable condition noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition cannot be remedied in a cost effective manner.

**EAST SIDE ST. CHARLES PARISH  
VOLUNTEER FIRE DEPARTMENT, INC.**

**Summary of Schedule of Current Year Audit Findings  
As of and for the Year Ended December 31, 2005**

**Ref. No.**

0512-01

**Description of Finding**

Internal Control Material Weakness. As a material weakness (and reportable condition), the size of the East Side St. Charles Parish Volunteer Fire Department, Inc.'s operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

**Corrective Action Planned**

No corrective action plan is taken because of the size of the entity.

**Name of Contact Person**

Charles Camp, Treasurer

**Anticipated Completion Date**

None

**Additional Explanation**

This is a common reportable condition noted in audits of small entities. The Department's office does not employ enough people in its accounting department to adequately segregate duties such as approving purchase orders, approving invoices for payment, printing checks, recording checks, signing checks, mailing checks, and reconciling bank statements. This is one example of the circumstances that resulted in the reportable condition.

The reportable condition cannot be remedied in a cost effective manner.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With  
*Government Auditing Standards***



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the governmental activities and major fund of East Side St. Charles Parish Volunteer Fire Department, Inc. as of and for the year ended December 31, 2005, which collectively comprise East Side St. Charles Parish Volunteer Fire Department, Inc.'s basic financial statements and have issued our report thereon dated June 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

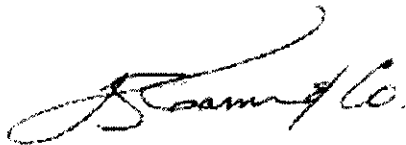
In planning and performing our audit, we considered East Side St. Charles Parish Volunteer Fire Department, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a single matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect East Side St. Charles Parish Volunteer Fire Department, Inc.'s ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying corrective action plan for the current year audit findings as item 0512-01 on page 29.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Side St. Charles Parish Volunteer Fire Department, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Department's Board and those governments for which reporting is required. However, this report is a matter of public record, and its distribution is not limited.



Thibodaux, Louisiana  
June 22, 2006