

OFFICE OF THE
COMPTROLLER

STATE OF LOUISIANA

**FIRE PROTECTION DISTRICT NO. 3
OF THE
PARISH OF ST. MARY
STATE OF LOUISIANA**

COMPONENT UNIT FINANCIAL STATEMENTS

**For the Year Ended
September 30, 2003**

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

Release Date 8/26/04

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS

FOR THE YEAR ENDED

SEPTEMBER 30, 2003

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SOVEREIGN ORDER OF

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Fire Protection District No. 3
Post Office Box 521
Arnaud, LA 70340

We have audited the accompanying component financial statements of the Fire Protection District No. 3, of the Parish of St. Mary, State of Louisiana, as of and for the year ended September 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 of America. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Fire Protection District No. 3 as of September 30, 2003, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments. This resulted in a change in format and content of the financial statements as of September 30, 2003.

The Management's Discussion and Analysis on pages 3 to 6 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, as listed in the table of contents, while not considered necessary for a fair presentation of the financial statements, is presented as supplementary analytical data.

Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to auditing procedures applied in the audit of the financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2004 on our consideration of the Fire Protection District No. 3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in considering the results of our audit.



ADAMS & JOHNSON
Certified Public Accountants

Baton Rouge, Louisiana
February 26, 2004

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

Management's Discussion and Analysis (Unaudited)

Our discussion and analysis of the financial performance of Fire Protection District No. 3 provides an overview of the District's financial activities for the fiscal year ended September 30, 2003. Please read it in conjunction with the District's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The District's net assets increased by \$81,961 for the year ended September 30, 2003.

The District's total General Fund operating revenues were \$189,836 and operating expenses were \$131,484 resulting in operating income of \$55,454.

The interest earned on the money market account and the certificate of deposits was \$3,028 for the year.

USING THIS ANNUAL REPORT

This annual report consists of three parts – Management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements consist of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 7 & 8 provide information about the financial activities of the District and illustrate a long-term view of the District's finances. Fund financial statements start on page 9. 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 District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

Government-wide Statements

The government-wide statements report information about the District as a whole using the accrual method of accounting. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they changed. Net assets, the difference between the District's assets and liabilities is one way to measure the District's financial health or position.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

SUMMARY OF STATEMENT OF NET ASSETS

A summary of the basic government-wide financial statements is as follows:

	<u>Governmental Activities</u>
ASSETS	
Cash and cash investments	\$ 303,851
Prepaid expenses	15,326
Deposits	1,480
Restricted assets:	
Cash and cash investments	150,308
Capital Assets:	
Construction in progress	8,875
Equipment	294,838
Accumulated depreciation	<u>(184,808)</u>
Total Assets	<u>\$ 489,578</u>
LIABILITIES	
Payroll taxes payable	\$ 1,182
Retirement payable	430
Accounts payable	2,888
Total Liabilities	<u>\$ 4,499</u>
NET ASSETS	
Invested in capital assets net of debt	\$ 489,578
Restricted for:	
Capital Projects	180,908
Unrestricted	<u>(155,048)</u>
Total Net Assets	<u>484,438</u>
Total Liabilities and Net Assets	<u>\$ 489,578</u>

SUMMARY OF STATEMENT OF ACTIVITIES

A summary of the basic government-wide financial statements is as follows:

	Governmental Activity
EXPENDITURES	
Auto	\$ 1,172
Advertising	318
Insurance	23,648
Education	680
Rent	2,800
Depreciation	12,642
Per diem	1,200
Legal & accounting	4,150
Supplies & office	3,452
Salaries	80,300
Repairs	6,498
Telephone	2,044
Payroll taxes	1,220
Utilities	4,324
Miscellaneous	308
Uniforms & linen	1,618
Retirement	7,376
Total Expenditures	<u>\$ 134,907</u>
REVENUE	
Donations	\$ 5,002
Ad valorem taxes	177,420
Interest income	3,836
Total Revenue	<u>186,258</u>
 Change in net assets	 \$ 51,351
Net assets beginning of year	<u>612,458</u>
Net assets end of year	<u>\$ 484,432</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was never amended during the year. Budgeted revenues exceeded actual revenues by \$18,138, while budgeted expenditures exceeded actual expenditures by \$213,241.

CAPITAL ASSETS

At the end of the year, the District has \$281,711 invested in capital assets, primarily fire fighting equipment. This year there were additions of \$18,244 and no disposals, reflecting a net increase in capital assets of \$18,244. More detailed information about the District's capital assets is presented in note 4 of the financial statements.

FUTURE PLANNING

The Parish of St. Mary entered a cooperative endeavor agreement with the State of Louisiana in order to obtain \$500,000 in funding for capital outlay projects for Fire Protection District No. 3 of the Parish of St. Mary through a local capital improvement matching grant. This agreement requires the Fire Protection District No. 3 to match the \$250,000 contributed by the State of Louisiana. As of September 30, the District has set aside \$100,668 of the matching \$250,000 into a separate account dedicated to holding the matching funds. The District has also already spent \$8,875 on architectural services on those projects. The remaining \$82,217 of the matching \$250,000 will be deposited in the next fiscal year.

The following is a list of projects expected to be completed within the next year:

The construction of a new fire sub-station and building additions to the existing fire station as well as purchases of additional fire fighting equipment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, participants and other interested parties with a general overview of the funds maintained by the District and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Lancy Goussain, chairman of the District, P.O. Box 1071, Arnaudville, LA 70540.

FIRE PROTECTION DISTRICT NO. 3
 PARISH OF ST. MARY
 STATE OF LOUISIANA
 Statement of Net Assets
 September 30, 2003

	Governmental Activities
ASSETS	
Cash and cash investments	\$ 200,081
Prepaid expenses	15,328
Deposits	1,489
Restricted assets:	
Cash and cash investments	150,089
Capital Assets:	
Construction in progress	8,875
Equipment	254,838
Accumulated depreciation	(164,805)
Total Assets	\$ 458,575
LIABILITIES	
Payroll taxes payable	\$ 1,187
Retirement payable	423
Accounts payable	2,588
Total Liabilities	\$ 4,198
NET ASSETS	
Invested in capital assets, net of debt	\$ 458,575
Restricted for:	
Capital Projects	150,008
Unrestricted	(150,008)
Total Net Assets	458,438
Total Liabilities and Net Assets	\$ 458,575

See the accompanying notes to the financial statements.

FIRE PROTECTION DISTRICT NO. 2
PARISH OF ST. MARY
STATE OF LOUISIANA
Statement of Activities
Year Ended September 30, 2005

	Governmental Activity
EXPENDITURES	
Auto	\$ 5,172
Advertising	310
Insurance	23,840
Education	690
Rent	2,890
Depreciation	12,842
Per diem	1,280
Legal & accounting	4,150
Supplies & office	3,435
Salaries	60,350
Repairs	8,499
Telephone	2,644
Payroll taxes	1,220
Utilities	4,234
Miscellaneous	308
Uniforms & linen	1,618
Retirement	7,279
Total Expenditures	\$ 134,657
REVENUE	
Donations	\$ 5,002
Ad valorem taxes	177,420
Interest income	3,836
Total Revenues	186,258
Change in net assets	\$ 51,601
Net assets beginning of year	412,458
Net assets end of year	\$ 464,059

See the accompanying notes to the financial statements.

PROTECTOR DISTRICT NO. 3
 OF THE PARISH OF ST. MARY
 STATE OF LOUISIANA

(Balance Sheet)

Governmental Funds

For the Year Ended September 30, 2022

ASSETS	<u>General</u>	<u>Capital Projects</u>	<u>Total Funds</u>
Cash	\$ 253,891	\$ 150,000	\$ 403,891
Prepaid expenses	13,326	-	13,326
Deposits	1,499	-	1,499
Total Assets and Other Debits	\$ 268,716	\$ 150,000	\$ 418,716

Liabilities and Fund Balances

LIABILITIES

Payroll taxes payable	\$ 1,152	-	\$ 1,152
Retirement payable	433	-	433
Accounts payable	2,588	-	2,588
Total Liabilities	\$ 4,173	-	\$ 4,173

FUND BALANCES

Designated for specific purposes- Unencumbered/unobligated	-	\$ 150,000	\$ 150,000
Total Fund Balances	258,543	150,000	408,543

Total Liabilities and Fund Balances

	\$ 268,716	150,000	\$ 418,716
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See the accompanying notes to the financial statements.

FIRE PROTECTION DISTRICT NO. 3
 PARISH OF ST. MARY
 STATE OF LOUISIANA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Assets
 September 30, 2003

Total Fund Balances - Governmental Funds (Page 9)	\$	367,534
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The purchase of capital assets are reported as expenditures as they are incurred in the government funds. The Statement of Net Assets reports capital assets as an asset and these capital assets are depreciated over their estimated useful lives and are reflected as depreciation expense in the Statement of Activities.

Cost of Capital Assets at September 30, 2003		291,711
Less: Accumulated Depreciation as of September 30, 2003		<u>(164,800)</u>
Net Assets - Government - Wide Statement (Page 8)	\$	<u>464,439</u>

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended September 30, 2003

	General	Capital Projects	Total Governmental Funds
REVENUE			
Donations	\$ 5,682	\$ -	\$ 5,682
Ad valorem taxes	177,459	-	177,459
Interest income	3,638	-	3,638
Total Revenues	<u>\$ 186,779</u>	<u>\$ -</u>	<u>\$ 186,779</u>
EXPENDITURES			
Auto	\$ 1,172	\$ -	\$ 1,172
Advertising	319	-	319
Insurance	23,940	-	23,940
Per diem	1,260	-	1,260
Education	880	-	880
Rent	2,900	-	2,900
Legal & accounting	4,150	-	4,150
Supplies & office	3,485	-	3,485
Salaries	69,350	-	69,350
Repairs	5,495	-	5,495
Telephone	2,544	-	2,544
Utilities	4,224	-	4,224
Payroll taxes	1,229	-	1,229
Miscellaneous	308	-	308
Uniforms & linen	1,818	-	1,818
Retirement	7,279	-	7,279
Capital outlay	9,369	6,875	16,244
Total Expenditures	<u>171,464</u>	<u>6,875</u>	<u>178,339</u>
Excess (deficiency) of revenues over expenditures	\$ 55,454	\$ (6,875)	\$ 48,579
Other financing sources (uses):			
Operating transfers in	\$ -	\$ 157,763	\$ 157,763
Operating transfers out	(157,763)	-	(157,763)
Total other financing sources (uses)	<u>(157,763)</u>	<u>157,763</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ (102,309)	\$ 150,888	\$ 48,579
Fund Balance			
Beginning of Year	<u>318,665</u>	<u>-</u>	<u>318,665</u>
End of Year	<u>\$ 216,356</u>	<u>\$ 150,888</u>	<u>\$ 367,244</u>

See the accompanying notes to the financial statements.

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and the Changes in Fund Balance to the Statement of Activities
September 30, 2005

Net Change in fund balance - total governmental funds (Page 11)	\$ 48,179
Government funds report capital outlay as expenditures.	16,344
However, in the statement of activities the cost of these assets are allocated over their useful lives and reported as depreciation expense.	<u>(12,842)</u>
Change in net assets of governmental activities (Page 6)	<u>\$ 51,781</u>

See the accompanying notes to the financial statements.

FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 3 of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 1044 of the St. Mary Parish Council on July 27, 1985. The District encompasses Ward Nine of the Parish of St. Mary, State of Louisiana. The purpose of the District is to provide fire protection in that portion of the Parish. They primarily accomplish this by providing equipment to and reimbursing the Amelia Volunteer Fire Department for fire protection expenses. The Amelia Volunteer Fire Department is located within the District which encompasses Fire Protection District No. 3.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517, and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A) REPORTING ENTITY

GASB Statement No. 14, Governmental Reporting Entity, establishes criteria for determining which organizations should be included in a governmental financial reporting entity. The focal point for defining the financial reporting entity is the primary government. Fire Protection District No. 3 is a component unit of the St. Mary Parish Council (primary government) and, as such, these financial reports may be included in the CAFR of the Council for the year ended December 31, 2003. Fire Protection District No. 3 has followed GASB-14 guidance to determine that there are no financial statements of other organizations that should be combined with their statements to form a financial reporting entity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) CHANGE IN ACCOUNTING

This financial statement has been prepared in conformity with GASB No. 34. In June 1999, GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

GASB Statement No. 34 creates new basic financial statements for reporting on Fire Protection District No. 3's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which had been the method of presentation in previously issued financial statements. Non-major funds are presented in total in one column in the fund financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at September 30, 2002 to be restated in terms of net assets as follows:

Total fund balance - Governmental Fund - at September 30, 2002	\$ 318,990
Add: Cost of capital assets at September 30, 2002	249,487
Less: Accumulated depreciation at September 30, 2002	<u>(191,890)</u>
Net assets at September 30, 2002	<u>\$ 412,487</u>

C) BASIS OF PRESENTATION

Fire Protection District No. 3's financial statements consist of the government-wide statements on all activities and the governmental fund financial statements.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of Fire Protection District No. 3. The government-wide presentation is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF PRESENTATION (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of statement GASB No. 34. The accounts of Fire Protection District No. 3 are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the Fire Protection District No. 3:

Governmental Fund Type

General Fund – The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or 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.

Government-Wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing resources) and decreases (expenditures and other financing uses) in current assets.

The governmental fund financial statement is 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 soon enough thereafter to be used to pay liabilities of the current period. 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 obligations long-term debt, if any, is recognized when due. Allocations of cost such as depreciation are not recognized in governmental funds.

E) USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates.

F) BUDGETS

The District is required by state law to legally adopt an annual budget for the General Fund. This budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP).

Annual operating budgets are plans of current expenditures and the proposed means of financing them. Budgets are the primary means by which the acquisition, spending and service delivery activities of a government are legally controlled. The Board members must approve any revisions that affect the total expenditures. Budgeted amounts shown are as originally adopted or as amended by the Board.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) COMPENSATED ABSENCES

The District does not have any compensated absences for the year ended September 30, 2003.

H) CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$500 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 cost incurred for repairs and maintenance are expensed as incurred.

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Depreciation of all exhaustible capital assets are recorded as a depreciation expense in the Statement of Activities, with accumulated depreciation reflected in the statement of Net Assets.

Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Leasehold improvements	20 - 40 years
Equipment	5 - 12 years
Furniture	5 - 7 years
Vehicles	5 year

Fund Financial Statements:

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I) LONG-TERM OBLIGATIONS

In the government-wide financial statements, debt principal payments are reported as decreases in the balance of the liability on the Statement of Net Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. During the year ended September 30, 2003 the District did not have any long-term obligations.

J) NET ASSETS/ FUND BALANCE

In the Statement of Net Assets, the difference between a government's assets and liabilities are recorded as net assets. The three components of net assets are 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 borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are restricted by external sources such as bonds or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are the components of restricted net assets.

Unrestricted Net Assets

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

NOTE 2 – CASH AND CASH EQUIVALENTS

For financial statement purposes, cash and cash equivalents include demand deposits and certificates of deposit which have a maturity of three months or less. Cash and cash equivalents are stated at cost, which approximates market.

NOTE 3 – CASH AND INVESTMENTS

The Fire Protection District No. 3 may invest in time deposits or certificate of deposits of state banks or savings and loan associations or savings banks organized under Louisiana law and national banks having principal offices in Louisiana. State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes the \$100,000 FDIC/FSLIC insurance and the market value of securities purchased and pledged. 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 District or with an unaffiliated bank or trust company for the account of the District.

The District's cash and investments are categorized to give an indication of the level of risk assumed by the District at September 30, 2003:

- Category 1 – Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 – Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 – Uncollateralized or securities uninsured or unregistered and held by the counter party (this includes GNMA, Pool investments and mutual fund shares held in "book-entry only" form by brokerage firms).

Cash and investments (including restricted assets) stated at cost consist of the following:

	Stated Value	Book Balance
Checking and money market accounts	\$ 154,859	\$ 156,387
Certificate of deposit	200,000	200,000
Total cash and investments	\$ 354,859	\$ 356,387

Cash and investments categorized by level of risk are:

	Cost	Market Value
Category 1 -	\$ 300,000	\$ 300,000
Category 2 -	—	—
Category 3 -	54,859	54,859
Total cash and investments	\$ 354,859	\$ 354,859

NOTE 4 - AD VALOREM TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. The taxes are delinquent by January 1, at which time an enforceable lien is attached to the property. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. Most of the taxes are actually received in January and February. For the year ended September 30, 2003, total taxes collected were \$ 177,620. The millage assessed on the property for the years ended September 30, 2003 was 8 mills.

NOTE 5 - CAPITAL ASSETS

Capital assets for the year ended September 30, 2003, were as follows:

	<u>Balance</u> <u>1-Oct-02</u>	<u>Additions</u>	<u>Balance</u> <u>30-Sep-03</u>
Governmental Activities			
Capital assets not being depreciated:			
Construction in Progress	-	9,875	9,875
Total	-	9,875	9,875
Capital assets being depreciated:			
Equipment	245,487	9,309	254,796
Total	245,487	9,309	254,796
Less accumulated depreciation:			
Equipment	(181,894)	(12,942)	(194,836)
Total accumulated depreciation	(181,894)	(12,942)	(194,836)
Total capital assets being depreciated, net	63,593	(3,633)	60,000
Governmental activities capital activities, net	<u>63,593</u>	<u>3,803</u>	<u>68,985</u>

NOTE 6 - LEASES

The District has no material long-term non-cancellable lease commitments at September 30, 2003.

NOTE 7 - COMPENSATION OF BOARD MEMBERS

Board members received the following net fees for the year ended September 30, 2023:

NAME	Meetings Attended	Amount
Joseph Foret, Jr.	10	300
Leroy Gonzalez	9	270
Larry Nicot	5	150
Barbara Gautel	10	300
Jason Brown	8	240
Total		<u>1,260</u>

NOTE 8 - RETIREMENT PLAN

The only employee of the Fire Protection District No. 3 of St. Mary Parish is a member of the Louisiana Firefighters' Retirement System (System), a multiple-employer (cost-sharing) public employee retirement system (PERS), controlled and administered by a separate board of trustees. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance prior to January 1, 1990, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 30 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits.

Benefits are established by state statute. State statute requires covered employees to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation of the prior fiscal year with adjustments for all dedicated tax moneys or appropriated funds.

Covered employees are required by the State legislature to contribute 8% of their gross salaries to the plan. The District was required by the same statute to contribute 6% from October 2003 to April 2003 and 18.35% from May 2003 to June 2003 and 21% from July 2003 to September 2003 of each employee's gross salary to the plan. The District's contributions for the year ended September 30, 2003 were \$7,379.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Capitol Station, Baton Rouge, Louisiana, 70804.

NOTE 9 – COOPERATIVE ENDEAVOR AGREEMENT

The Parish of St. Mary entered into a cooperative endeavor agreement with the State of Louisiana in order to obtain \$500,000 in funding for capital-outlay projects for Fire Protection District No. 3 of the Parish of St. Mary. The agreement requires the Fire Protection District No. 3 to match the \$250,000 contributed by the state. As of September 30, 2003 the District has set aside \$150,000 of the District's matching funds into a separate account dedicated to holding the matching funds. The District has also already spent \$8,075 on architectural services on these projects. The remaining \$32,217 of the matching \$250,000 will be deposited in the next fiscal year.

RECREATION DISTRICT NO. 3
OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

SCHEDULE OF INSURANCE IN FORCE
For the Year Ended September 30, 2003
(Unaudited)

<u>Insurer</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Expiration Date</u>
American Alternative Ins.	Commercial Auto Liability	\$ 1,000,000	5/15/2004
American Alternative Ins.	General liability Aggregate Each Occurrence Fire Damage Medical	\$ 2,000,000 1,000,000 1,000,000 5,000	5/15/2004
American Alternative Ins.	Building & Portable Equipment	Replacement cost	5/15/2004
LWCC	Worker's Compensation By Accident Each Employee	\$ 100,000 100,000	8/31/2004

FIRE PROTECTION DISTRICT NO. 3
 PARISH OF ST. MARY
 STATE OF LOUISIANA
 Budgetary Comparison Schedule - General Fund
 For the Year Ended September 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUE				
Ad valorem taxes	\$ 188,000	\$ 188,000	\$ 177,400	\$ 0,400
Donations	-	-	5,683	5,683
Interest income	2,800	2,800	3,928	1,028
Total Revenues	<u>\$ 170,800</u>	<u>\$ 170,800</u>	<u>\$ 186,938</u>	<u>\$ 16,138</u>
EXPENDITURES				
Capital outlay	\$ 100,000	\$ 100,000	\$ 14,244	\$ 108,756
Salaries & benefits	84,800	84,800	71,737	12,673
Operating expenses	40,000	40,000	8,893	38,207
Fire Department	57,000	57,000	43,899	28,305
Total Expenditures	<u>381,800</u>	<u>381,800</u>	<u>138,389</u>	<u>313,241</u>
Excess of Revenues over (under) Expenditures	\$ (180,800)	\$ (180,800)	\$ 48,579	\$ 229,379
Fund Balance				
Beginning of Year	318,088	318,088	318,088	-
End of Year	<u>\$ 138,155</u>	<u>\$ 138,725</u>	<u>\$ 267,324</u>	<u>\$ 229,379</u>

See the accompanying notes to the financial statements.

FIRE PROTECTION DISTRICT NO. 3
OF THE
PARISH OF ST. MARY
STATE OF LOUISIANA

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

YEAR ENDED SEPTEMBER 30, 2003

ADAMS & JOHNSON

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CERTIFIED PUBLIC ACCOUNTANTS

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

The Board of Commissioners
Fire Protection District No. 3
Post Office Box 921
Amelia, LA 70540

We have audited the basic financial statements of the Fire Protection District No. 3 for the year ended September 30, 2003, and have issued our report thereon dated February 26, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Fire Protection District No. 3's basic 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 financial statement amounts. However, providing an opinion on compliance with these provisions was not the objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fire Protection District No. 3's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions.

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 Fire Protection District No. 3's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition is described in the accompanying schedule of findings and questioned cost as Item 03-1.

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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe Item 03-1 to be a material weakness.

This report is intended solely for the use of management, the St. Mary Parish Council, and the Louisiana Legislative Auditor, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Fire Protection District No. 3 is a matter of public record.



ADAMS & JOHNSON
Certified Public Accountants

Metairie, Louisiana
February 26, 2004

FIRE PROTECTION DISTRICT NO. 3

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2003

A. Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the financial statements of Fire Protection District No. 3.
2. No instances of noncompliance material to the financial statements of Fire Protection District No. 3, which would be reported in accordance with Government Auditing Standards, were disclosed during the audit.
3. One reportable condition in internal control, which is also a material weakness, was finding item 03-01.

B. Findings:

03-01 Finding: Lack of segregation of duties.

Cause: Our examination disclosed that there is not any segregation of duties within the District's accounting function, (especially in the areas of cash receipts, bank reconciliations, cash disbursements, general ledger, and journal entries). This weakness is due to the fact that the District only has one employee to handle the accounting function. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, since the District doesn't have any other employees hired to handle the accounting function, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also the cost of hiring additional employees to handle the accounting function might exceed any benefits gained. The management of the District is well aware of the loss of internal control that results with their lack of segregation of the accounting functions and are constantly on watch for any problems that would occur.

Recommendation: Based upon the cost-benefit of hiring accounting personnel, it may not be feasible to achieve complete segregation of duties. We recommend the Commission continue to closely monitor all records and transactions.

Response: Management concurs with recommendations.

FIRE PROTECTION DISTRICT NO. 3
SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended September 30, 2002

A. Summary of Prior Findings:

Finding: Lack of segregation of duties.

Status: This finding still exists. See 03-01 on the schedule of the current year findings and questioned cost.