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**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 3**

Lacombe, Louisiana

FINANCIAL STATEMENTS

As of December 31, 1999
and For the Years Ended
December 31, 1998 and 1999

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 inspection at the Baton Rouge office of the Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUN 7 4 2000

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
Financial Statements

As of December 31, 1999 and For the Years
Ended December 31, 1998 and 1999

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Balance Sheet - All Fund Types and Account Groups	3
Statement of Revenues, Expenditures, and Changes in Fund Balances	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual-General Fund	5
Notes to the Financial Statements	7
Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government</u> <u>Auditing Standards</u>	11
Supplemental Information Schedule of Compensation Paid to Board Members	13
Summary of Prior Period Audit Findings	14

Zahn and Kenney
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
St. Tammany Parish Fire Protection District No. 3
Lacombe, Louisiana

We have audited the accompanying component unit financial statements of St. Tammany Fire Protection District No. 3 (the District), a component unit of the St. Tammany Parish Police Jury, as of December 31, 1999 and for the years ended December 31, 1998 and 1999 as listed in the table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 District, as of December 31, 1999, and the results of its operations for the years ended December 31, 1998 and 1999 in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 03, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Our audits were made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The information presented as supplemental information is presented for purposes of additional analysis and is not a required part of the component unit financial statements.

Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

Zahn & Kenney

Zahn and Kenney

Certified Public Accountants

February 3, 2000

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 3
BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (MEMO ONLY)</u>
	<u>GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>	
<u>ASSETS AND OTHER DEBITS</u>			
ASSETS:	\$58,620	\$	\$58,620
Cash and cash equivalents			
Receivables:			
Ad valorem taxes	190,500		190,500
State revenue sharing	19,223		19,223
Property and equipment	<u> </u>	<u>1,101,571</u>	<u>1,101,571</u>
 TOTAL ASSETS AND OTHER DEBITS	 <u>\$268,343</u>	 <u>\$1,101,571</u>	 <u>\$1,369,914</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	<u>\$6,437</u>	\$ <u> </u>	<u>\$6,437</u>
 TOTAL LIABILITIES	 <u>6,437</u>	 <u> </u>	 <u>6,437</u>
FUND EQUITY:			
Investment in general fixed assets		1,101,571	1,101,571
Fund balance- unreserved, undesignated	<u>261,906</u>		<u>261,906</u>
 TOTAL FUND EQUITY	 <u>261,906</u>	 <u>1,101,571</u>	 <u>1,363,477</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$268,343</u>	 <u>\$1,101,571</u>	 <u>\$1,369,914</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1999

	GENERAL FUND	
	<u>1999</u>	<u>1998</u>
<u>REVENUES</u>		
Ad valorem taxes, including interest	\$198,366	\$188,751
Intergovernmental revenues:		
State revenue sharing	19,223	19,538
Insurance fees	14,840	13,771
Interest on cash deposits	4,688	1,364
Other income	1,897	7,976
Rental income	<u>2,400</u>	<u>2,700</u>
Total revenues	241,414	234,100
<u>EXPENDITURES</u>		
Public safety - fire protection:		
Insurance	28,053	27,527
Maintenance and repairs:		
Buildings	4,367	5,892
Vehicles and equipment	16,178	13,549
Utilities and telephone	16,652	12,697
Gear and uniforms	6,562	-
Professional fees	-	2,400
Office supplies and expense	8,032	1,613
Training	2,688	1,231
Medical supplies	2,993	927
Supplies for fire equipment	2,640	4,987
Advertising	202	-
Waste collection fees	-	84
Collection fees	6,500	6,200
Commissioners' per diem	1,530	1,470
Bank service charge	278	183
Capital outlay	80,410	13,018
Personnel	92,329	100,420
Miscellaneous	<u>1,883</u>	<u>2,077</u>
Total expenditures	<u>271,297</u>	<u>194,275</u>
Excess (deficiency) of		
Revenues over expenditures	(29,883)	39,825
Fund balance at beginning of year	<u>291,789</u>	<u>251,964</u>
Fund balance at end of year	<u>\$261,906</u>	<u>\$291,789</u>

The accompanying notes are an integral part of this statement

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE/ <u>(UNFAV.)</u>
<u>REVENUES</u>			
Ad valorem taxes, including interest	\$191,000	\$198,366	\$7,366
State revenue sharing	19,000	19,223	223
Insurance fees	13,000	14,840	1,840
Interest on cash deposits	950	4,688	3,738
Other income	-	1,897	1,897
Rental income	<u>3,600</u>	<u>2,400</u>	<u>(1,200)</u>
Total revenues	227,550	241,414	13,864
<u>EXPENDITURES</u>			
Insurance	32,990	28,053	4,937
Professional Fees	2,500	-	2,500
Collection fee, ad valorem taxes	6,500	6,500	-
Utilities and telephone	23,975	16,652	7,323
Office supplies and expenses	700	8,032	(7,332)
Training	2,800	2,688	112
Fuel	3,200	-	3,200
Maintenance and repairs:			
Buildings	4,600	4,367	233
Vehicles and equipment	4,500	16,178	(11,678)
Medical supplies	500	2,993	(2,493)
Supplies for fire equipment	3,000	2,640	360
Advertising	375	202	173
Gear and uniforms	775	6,562	(5,787)
Waste collection fees	1,044	-	1,044
Personnel	89,700	92,329	(2,629)
Miscellaneous	-	1,883	(1,883)
Commissioners' per diem	1,950	1,530	420
Bank service charge	-	278	(278)
Capital outlay	<u>99,716</u>	<u>80,410</u>	<u>19,306</u>
Total expenditures	<u>278,825</u>	<u>271,297</u>	<u>7,528</u>
Excess (deficiency) of revenues over expenditures	<u>\$(51,275)</u>	<u>(29,883)</u>	<u>\$21,392</u>
Fund balance at beginning of the year		<u>291,789</u>	
Fund balance at end of year		<u>\$ 261,906</u>	

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1998
GENERAL FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE/ <u>(UNFAV.)</u>
<u>REVENUES</u>			
Ad valorem taxes, including interest	\$182,441	\$188,751	\$6,310
State revenue sharing	18,204	19,538	1,334
Insurance fees	13,050	13,771	721
Interest income	450	1,364	914
Other income	-	7,976	7,976
Rental income	<u>3,600</u>	<u>2,700</u>	<u>(900)</u>
Total revenues	217,745	234,100	16,355
<u>EXPENDITURES</u>			
Insurance	31,837	27,527	4,310
Professional fees	2,440	2,400	40
Collection fee, ad valorem taxes	-	6,200	(6,200)
Utilities and telephone	7,110	12,697	(5,587)
Office supplies and expense	1,836	1,613	223
Training	1,250	1,231	19
Maintenance and repair:			
Buildings	20,400	5,892	14,508
Vehicles and equipment	16,280	13,549	2,731
Medical supplies	1,925	927	998
Supplies for fire equipment	1,275	4,987	(3,712)
Advertising	650	-	650
Miscellaneous	-	2,077	(2,077)
Personnel	103,298	100,420	2,878
Waste collection	-	84	(84)
Commissioners' per diem	1,950	1,470	480
Bank service charges	-	183	(183)
Capital outlay	<u>17,044</u>	<u>13,018</u>	<u>4,026</u>
Total expenditures	<u>207,295</u>	<u>194,275</u>	<u>13,020</u>
Excess (deficiency) of			
Revenues over expenditures	<u>\$10,450</u>	39,825	<u>\$29,375</u>
Fund balance at			
beginning of year		<u>251,964</u>	
Fund balance at			
end of year		<u>\$291,789</u>	

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1999 AND FOR THE YEARS ENDED
DECEMBER 31, 1998 AND 1999

INTRODUCTION

The St. Tammany Parish Fire Protection District No. 3 (District) was established by the St. Tammany Parish Police Jury (Police Jury) on April 15, 1954. The District's boundaries coincide with the boundaries of the Seventh Ward of the Parish of St. Tammany. The district is governed by a Board of commissioners consisting of five (5) resident property taxpayers, as provided by Louisiana Revised Statute 40:1496. Commissioners are appointed by the Police Jury for a term of two (2) years. Officers of the Board are elected by the Commissioners.

Fire protection districts are created for the purpose of acquiring, maintaining and operating facilities, machinery, equipment, water tanks, water hydrant, water lines and other facilities and equipment necessary to provide proper fire protection and control of the property within the district. The District interacts with the Lacombe Volunteer Fire Department to carry out its objective.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units.

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 which component units should be included within the reporting entity.

Oversight responsibility by the Police Jury is determined on the basis of the following criteria:

1. Appointment of governing board
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Police Jury appoints the District's commission members, and the District's commission is accountable for fiscal matters, including (1) budget authority, (2) responsibility for funding deficits and operation deficiencies, and (3) fiscal management for controlling the collection and disbursement of funds, and because of the scope of its public services,

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the District was determined to be a component unit of the Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

C. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregation of transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursements of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds of the District include only a general fund, which is the operating fund of the district and accounts for all financial resources of the District.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

REVENUES

Principal revenue sources, consisting primarily of ad valorem taxes and state revenue sharing, are accrued at the time of assessment or when the amounts thereof are ascertainable with reasonable certainty.

Interest on cash deposited is recognized when the funds are available.

All other revenues are recognized when received.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EXPENDITURES

Expenditures are generally recognized when the related fund liability is incurred, except for principal and interest on the general long-term obligations, if any, which are not recognized until due.

E. ENCUMBRANCES

Encumbrance accounting is not utilized by the District due to the nature of operations and the ability of management to monitor budgeted expenditures on a timely basis.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include those deposits with original maturity of ninety (90) days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

G. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction, if any, are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

H. COMPENSATED ABSENCES

All members of the District serve as volunteers. Accordingly, the District does not have a formal vacation and sick leave policy.

I. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

J. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2--LEVIED TAXES

The authorized and levied ad valorem tax millage for 1998 and 1999 was 20.77.

NOTE 3--CASH AND CASH EQUIVALENTS

At December 31, 1999, the District has cash and cash equivalents as follows:

Non-interest-bearing checking account \$58,620

This account is stated at cost, which approximates market. Under state law, this account 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 are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999 this account is totally secured from risk by federal deposit insurance.

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general assets follows:

	<u>Balance</u> <u>1/1/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/99</u>
Property and Equipment	<u>\$958,902</u>	<u>\$ 142,669</u>	<u>\$ -0-</u>	<u>\$1,101,571</u>

Zahn and Kenney
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
St. Tammany Parish Fire Protection District No. 3
Lacombe, Louisiana

We have audited the component financial statements of St. Tammany Parish Fire Protection District No. 3, Lacombe, Louisiana, a component unit of the State of Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated February 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's component unit 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 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Zahn & Kenney
Zahn and Kenney
Metairie, Louisiana

February 3, 2000

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 3
 SUPPLEMENTAL INFORMATION SCHEDULE
 FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1999
 SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are compensated with a per diem for each board meeting that they attend. The amount of per diem for the year 1998 and 1999 is \$30.00 per meeting per member. Total per diem paid to each member for 1998 and 1999 is as follows:

	<u>1999</u>	<u>1998</u>
J. Impastato	\$450	\$210
K. Landry	60	240
A. Laurent	270	270
S. Palmer	300	390
J. Smith	<u>450</u>	<u>360</u>
Total	<u>\$1,530</u>	<u>\$1,470</u>

Summary of Prior Period Audit Findings

In the audit report for the prior periods ended December 31, 1996 and 1997 the following findings were noted:

1. Records of fixed assets owned were not maintained in accordance with LRS 24:515(B)(1). These records are now being maintained and this finding has been resolved.
2. Receipts were not being deposited in a timely manner in accordance with LRS 39:1212. Receipts are now being deposited timely and this finding has been resolved.
3. Records were not being maintained in accordance with LRS 44. This finding has been resolved as all records as all records are now being properly maintained.