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FIRE PROTECTION DISTRICT NO. 11  
OF THE PARISH OF ST. MARY, STATE OF LOUISIANA

Component Unit Financial Statements  
with Independent Auditors' Report

and

Independent Auditors' Report on Compliance and Internal Control

For the Period Ended September 30, 1998

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

MAR 24 1999

Release Date \_\_\_\_\_

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**FINANCIAL INFORMATION SECTION**

# PITTS & MATTE

a corporation of  
certified public accountants



## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Fire Protection District No. 11  
of the Parish of St. Mary  
State of Louisiana  
Jeanerette, Louisiana

We have audited the accompanying general purpose financial statements of Fire Protection District No. 11, a component unit of St. Mary Parish, as of and for the year ended September 30, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Fire Protection District No. 11's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Fire Protection District No. 11 as of September 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 15, 1998, on our consideration of Fire Protection District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

December 15, 1998

A handwritten signature in black ink, appearing to read "Pitts &amp; Matte", written in a cursive style.

**FIRE PROTECTION DISTRICT NO. 11 OF  
THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**COMBINED BALANCE SHEET**

September 30, 1998

	General Fund	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-term Debt	
<u>Assets and other debits</u>				
Cash and cash equivalents	\$92,969			\$92,969
Other assets	1,682			1,682
Property, plant, and equipment		\$784,846		784,846
<u>Other debits</u>				
Amount to be provided for retirement of general long-term debt			\$135,000	135,000
Total assets and other debits	<u>\$94,651</u>	<u>\$784,846</u>	<u>\$135,000</u>	<u>\$1,014,497</u>
<u>Liabilities, equity, and other credits</u>				
Accounts payable and accrued expenses	\$3,265			\$3,265
Bonds payable			\$135,000	135,000
Total liabilities	<u>3,265</u>	<u>--</u>	<u>135,000</u>	<u>138,265</u>
<u>Equity and other credits</u>				
Investment in general fixed assets		\$642,696		642,696
Investment in general fixed assets - donations		142,150		142,150
Fund balance -unreserved, undesignated	91,386			91,386
Total liabilities, equity, and other credits	<u>\$94,651</u>	<u>\$784,846</u>	<u>\$135,000</u>	<u>\$1,014,497</u>

The accompanying notes are an integral part of these financial statements.

**FIRE PROTECTION DISTRICT NO. 11  
OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUND TYPES**

**For the Year Ended September 30, 1998**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total (Memorandum Only)</u>
<u>Revenues</u>			
Ad valorem tax	\$134,665		\$134,665
Allocation from St. Mary Parish	14,534		14,534
Interest	3,144		3,144
Total revenue	152,343	--	152,343
<u>Expenditures</u>			
Current:			
Public safety	70,088		70,088
Capital outlay	4,837		4,837
Debt service		\$72,788	72,788
Total expenditures	74,925	72,788	147,713
Excess (deficiency) of revenue over expenditures	77,418	(72,788)	4,630
<u>Other financing sources (uses)</u>			
Transfer in		72,788	72,788
Transfer out	(72,788)		(72,788)
Total other financing sources (uses)	(72,788)	\$72,788	--
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	4,630	--	4,630
Fund balances at beginning of period	86,756	--	86,756
Fund balances at end of period	\$91,386	--	\$91,386

The accompanying notes are an integral part of these financial statements.

**FIRE PROTECTION DISTRICT NO. 11  
OF THE PARISH OF ST. MARY  
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET TO ACTUAL  
GENERAL FUND**

**For the Year Ended September 30, 1998**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>			
Ad valorem taxes	\$134,665	\$134,665	
Allocation from St. Mary Parish	19,694	14,534	(\$5,160)
Interest	3,144	3,144	
	<hr/>	<hr/>	<hr/>
Total revenue	157,503	152,343	(5,160)
	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>			
Current:			
Public safety			
Repairs and maintenance	11,224	11,398	(174)
Professional fees	3,747	3,737	10
Salaries and related expenses	24,022	24,256	(234)
Insurance	19,188	13,589	5,599
Utilities	1,687	1,750	(63)
Telephone and radio	1,728	1,655	73
Gas, fuel, oil	1,672	1,730	(58)
Supplies	8,211	7,436	775
Training	1,602	2,447	(845)
Other	2,937	2,090	847
Capital outlay	2,921	4,837	(1,916)
	<hr/>	<hr/>	<hr/>
Total expenditures	78,939	74,925	4,014
	<hr/>	<hr/>	<hr/>
Excess revenue over expenditures	78,564	77,418	(1,146)
Other financing sources (uses)			
Transfer out	(72,788)	(72,788)	--
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(72,788)	(72,788)	--
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expendi- tures and other financing uses	5,776	4,630	(1,146)
Fund balances at beginning of period	86,756	86,756	
	<hr/>	<hr/>	<hr/>
Fund balances at end of period	\$92,532	\$91,386	(\$1,146)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.



FIRE PROTECTION DISTRICT NO. 11  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements  
September 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 11 of the Parish of St. Mary, State of Louisiana was created by Ordinance No. 1096 of the St. Mary Parish Council, on April 25, 1990, for the purpose of providing fire protection, medical assistance, and extrication rescue. The District encompasses all territory north of the Intracoastal Waterway in wards one and two. The District's firefighters are volunteers of the Four Corners Volunteer Fire Department.

The financial statements of Fire Protection District No. 11 of the Parish of St. Mary have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- B. Appointment of a voting majority
- C. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of St. Mary Parish Council (the primary government).

These financial statements include only the operations of the District.

B. 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 segregating transactions related to certain government functions or activities.



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

The District's current operations require only the use of two funds, the general fund and the debt service fund.

### Governmental Funds

#### General Fund

The General Fund is the general operating fund of the District (special revenue fund at the Parish oversight level). It is used to account for all financial resources, except those required to be accounted for in other funds.

#### Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District has one debt service fund, which due to the timing of debt service payments had no assets or liabilities at year end.

### C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The following is a summary of how the District accounts for its major sources of revenues and expenditures:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the taxes are assessed.

Allocations from St. Mary Parish Council are recorded when the revenue has been collected by the tax collector and the Council has allocated the funds to the District.

Interest income on investments is recorded when the interest portion of the investment has matured and is available to the District.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on general long-term debt which is not recognized until due.

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses).

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. This budget is a nonappropriated budget, which is approved by the Board of Commissioners in a manner authorized by statute. Encumbrances are not recorded by the District. Budgets are amended when needed upon approval by the Board.

E. Cash and Cash Equivalents

The District is permitted by law to invest its funds in certain banks and other financial institutions located within the state. They may also invest in certain government backed securities.

For financial statement purposes, cash and cash equivalents include demand deposits, certificates of deposit, and money market accounts.

Cash and cash equivalents are stated at cost, which approximates market.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Purchased fixed assets are valued at acquisition cost. Donated fixed assets are valued at estimated fair market value at the date of their donation.

*The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.*

G. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

H. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

I. Memorandum Only - Total Columns

Total columns on the financial 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, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the District's cash and cash equivalents was \$92,969 and the bank balance was \$93,607. All of the bank balance was covered by federal depository insurance.

NOTE 3 - 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. Taxes are due and payable by December 31 and taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

NOTE 4 - FIXED ASSETS

A summary of the General Fixed Assets at September 30, 1998 are as follows:

	<u>Balance</u> <u>9/30/97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/98</u>
Equipment	\$83,774	\$4,836		\$88,610
Vehicles	590,306			590,306
Building	<u>105,930</u>	_____	_____	<u>105,930</u>
Total	<u>\$780,010</u>	<u>\$4,836</u>	<u>---</u>	<u>\$784,846</u>

Fixed assets include fire trucks and fire fighting equipment donated by the Four Corners Volunteer Fire Department in 1992 totaling \$142,150.

NOTE 5 - LONG-TERM DEBT

The following is a summary of changes in the District's long-term debt account group:

Bonds payable September 30, 1997	\$195,000
Retirements	<u>(60,000)</u>
Bonds payable September 30, 1998	<u>\$135,000</u>



NOTE 5 - LONG-TERM DEBT (continued)

Bonds payable at September 30, 1998 are comprised of the following:

\$500,000 Certificates of Indebtedness, Series 1990, due in annual installments of \$40,000 to \$70,000 through March 1, 2000, interest ranging from 7.1% to 7.75%; payable from excess revenues which include ad valorem taxes.

Bonds payable at September 30, 1998 \$135,000

The following is an approximation of future debt requirements at September 30, 1998:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1999	\$65,000	\$7,943	\$72,943
2000	<u>70,000</u>	<u>2,713</u>	<u>72,713</u>
	<u>\$135,000</u>	<u>\$10,656</u>	<u>\$145,656</u>

The District is subject to certain affirmative and negative covenants pursuant to its bond agreements. These covenants include but are not limited to:

1. Transferring of funds to pay debt service
2. Preparation and adoption of budgets
3. Preparation and independent audit of financial statements
4. Restriction as to additional debt issuance
5. Restriction as to investments

NOTE 6 - PENSION PLAN

The District's employees are covered under the Federal Insurance Contributions Act (Social Security). The District makes the required contributions to the fund and is not responsible for the benefits.

NOTE 7 - LEASES

The District has no material long-term noncancelable lease commitments at September 30, 1998.

NOTE 8 - COMPENSATION PAID COMMISSIONERS

The Commissioners of the District did not receive any compensation during 1998.

NOTE 9 - RELATED PARTY

The Four Corners Volunteer Fire Department provides volunteer firefighters for Fire Protection District No. 11. The District is also a related party of the St. Mary Parish Council, the primary government. See Note 1 for further explanation of this relationship. The Council allocated approximately \$14,500 in funds to the District during the year ended September 30, 1998.

NOTE 10 - CONCENTRATIONS

The majority of the District's revenues come from property tax revenue. The property taxes collected during 1998 accounted for approximately 85% of total operating revenue.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils.

There were no significant reductions in insurance coverages from prior years.

NOTE 12 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District does not utilize any computer equipment.

The District has not inventoried other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations. It is unknown as of September 30, 1998, what effects, if any, failing to remediate any such systems will have upon District operations.

NOTE 12 - YEAR 2000 ISSUE (continued)

Ad valorem tax assessments for the District are handled by the St. Mary Parish Assessor's office and collections are handled by the St. Mary Parish Sheriff's office. The Assessor's office and Sheriff's office are responsible for remediating their respective systems. The District is not responsible for any costs associated with these projects.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that that District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.



**COMPLIANCE AND INTERNAL CONTROL SECTION**



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

Board of Commissioners  
Fire Protection District No. 11  
Of the Parish of St. Mary  
State of Louisiana  
Jeanerette, Louisiana

We have audited the general purpose financial statements of Fire Protection District No. 11, a component unit of St. Mary Parish, as of and for the year ended September 30, 1998, and have issued our report thereon dated December 15, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Fire Protection District No. 11's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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. A similar report issued by us dated March 5, 1998 for the year ended September 30, 1997 reported no instances of noncompliance required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

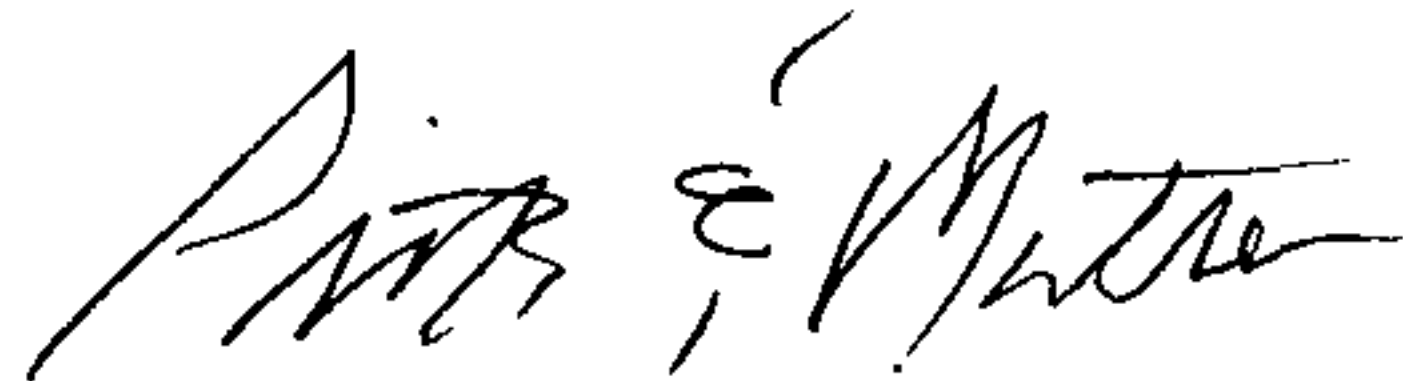
In planning and performing our audit, we considered Fire Protection District No. 11's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain 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 Fire Protection District No. 11's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. This item is discussed in the accompanying material weaknesses section of this report.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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. However, we consider the reportable condition mentioned above to be a material weakness.

A similar report issued by us dated March 5, 1998 for the year ended September 30, 1997 contained one material weakness in internal accounting control. A similar comment is repeated this year.

This report is intended for the information of the management of the District, the Legislative Auditor of the State of Louisiana, and the finance committee of the St. Mary Parish Council. However, this report is a matter of public record and its distribution is not limited.



CERTIFIED PUBLIC ACCOUNTANTS

December 15, 1998

MATERIAL WEAKNESS

ITEM NO. 98-1

Segregation of Duties

Auditors' Comments

Condition: While performing audit tests and inquiring about internal control, we discovered that there is very little segregation of duties within the District's accounting function.

Criteria: Ordinarily, the accounting duties performed in an organization are segregated to reduce possible errors or irregularities that could occur in the accounting records and not be detected.

Effect: Lack of segregation of duties results in a material weakness in internal accounting controls.

Cause: The District has limited personnel.

Management's Comments:

Our board has discussed this matter and we feel that any improvement in controls gained by hiring additional personnel would be outweighed by the costs associated with the additional personnel.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION  
PREPARED BY ST. MARY PARISH FIRE PROTECTION DISTRICT NO. 11

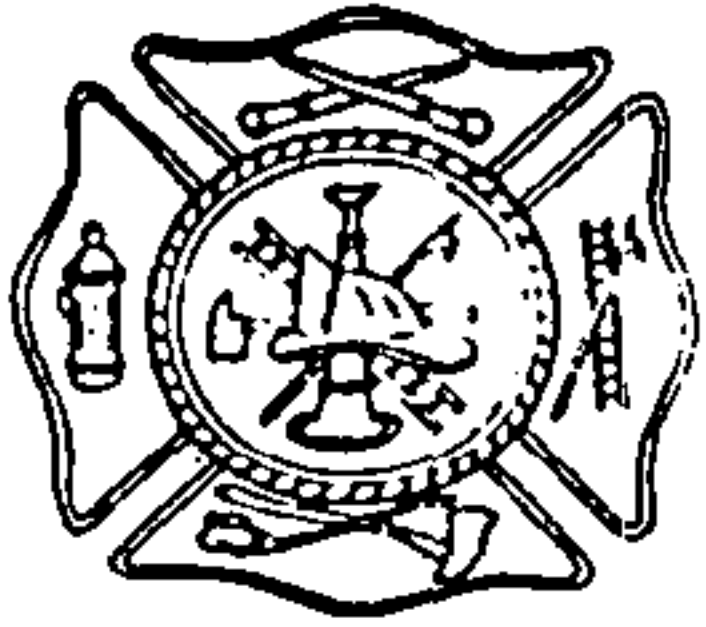
Material Weakness

1997 Internal Control Finding (page 16)

Segregation of Duties

Condition: While performing audit tests and inquiring about internal control, our auditors discovered that there is very little segregation of duties with the District's accounting functions.

Corrective Action: After discussion of this matter, our board feels that any improvement in controls gained by hiring additional personnel would be outweighed by the costs associated with the additional personnel.



# Four Corners Volunteer Fire Department

Fire Protection District No. 11  
1205 BIG FOUR CORNERS ROAD  
JEANERETTE, LA. 70544

February 8, 1999

Dr. Daniel G. Kyle  
Office of Legislative Auditor  
State of Louisiana  
P.O. Box 94397  
Baton Rouge, LA. 70804-9397

Dear Mr. Kyle:

The St. Mary Parish Fire Protection District No. 11 respectfully submits the following corrective action plan for their year ended September 30, 1998.

## **CORRECTIVE ACTION:**

Person Responsible: Marcel Marquette  
St. Mary Parish Fire Protection District  
886 Highway 318  
Jeanerette La. 70544

Time for completion: September 30, 1999

## **ITEM OF INTERNAL CONTROL:**

**Segregation of Duties:** While performing our audit tests and inquiring about internal control, we discovered that there is very little segregation of duties within the District's accounting system.

**Corrective Action:** Our board has discussed this matter and we feel that any improvements in controls gained by hiring additional personnel would be outweighed by the costs associated with the additional personnel.