

OFFICIAL
FILE COPY

DO NOT REMOVE

(When necessary
remove from this
cover and PLACE
BACK IN FILE)

RECEIVED
LIBRARY OF CONGRESS
SEP 10 1997-26

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' Reports on Internal
Accounting Control and Compliance

For the Period Ended September 30, 1993

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.

Release Date: APR 1 5 1998

C O N T E N T S

	<u>PAGE</u>
<u>FINANCIAL INFORMATION SECTION</u>	
Independent Auditors' Report	1
General Purpose Component Unit Financial Statements	
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types	3
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	4
Notes to the Financial Statements	5-12
<u>INTERNAL ACCOUNTING CONTROL AND COMPLIANCE SECTION</u>	
Independent Auditors' Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	13-15
Material Weakness	18
Independent Auditors' Report on Compliance with Laws and Regulations Based on An Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	17-18

FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fire Protection District No. 11
of the Parish of St. Mary
State of Louisiana
Jennacette, 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, 1997, 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 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, 1997, 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 March 5, 1998, on our consideration of Fire Protection District No. 11's internal control structure and a report dated March 5, 1998, on its compliance with laws and regulations.

March 5, 1998

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

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

COMBINED BALANCE SHEET

September 30, 1997

	GOVERNMENT REPORTS FUND	GENERAL FUND	ACCOUNTS RECEIVABLE FIXED ASSETS	ACCOUNTS PAYABLE LONG TERM DEBT	TOTAL (Hemlock System)
Assets and other debits					
Cash and cash equivalents	\$ 90,012				\$ 90,012
Other assets	1,000				1,000
Property, plant, and equipment			\$788,010		788,010
Other debits					
Amount to be provided for long-term debt of Hemlock long-term debt				\$185,000	185,000
Total assets and other debits	\$ 91,012		\$788,010	\$185,000	\$1,064,022
Liabilities, Equity, and other credits					
Accounts payable and accrued expenses	\$ 4,988			\$195,000	\$ 200,000
Long term payable		4,358		123,500	132,858
Total liabilities					
Equity and other credits					
Investment in general fund assets			\$637,000		637,000
Investment in general fund assets - donations			142,150		142,150
Retained earnings, undesignated reserves					85,722
Total liabilities, equity, and other credits			\$28,018	\$288,010	\$316,028

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, 1997

	<u>General Fund</u>	<u>Subs Service Fund</u>	<u>Total Memorandum Only</u>
REVENUES			
Ad valorem tax	\$ 113,010		\$ 113,010
Allocation from St. Mary Parish	19,987		19,987
Interest	<u>2,881</u>		<u>2,881</u>
Total revenue	<u>135,888</u>	--	<u>135,888</u>
EXPENDITURES			
CURRENT:			
Public safety	48,488		48,488
Capital outlay	19,908		19,908
Subs service		\$ 72,303	<u>72,303</u>
Total expenditures	<u>68,396</u>	<u>72,303</u>	<u>139,699</u>
Excess (deficiency) of revenue over expenditures	<u>72,192</u>	<u>(72,303)</u>	<u>(111)</u>
Other financing sources (uses)			
Transfer in		72,303	72,303
Transfer out	<u>(72,303)</u>		<u>(72,303)</u>
Total other financing sources (uses)	<u>(72,303)</u>	<u>\$ 72,303</u>	--
Excess (deficiency) of rev- enues and other financing sources over expenditures and other financing uses	<u>(111)</u>	--	<u>(111)</u>
Fund balances at beginning of period	<u>86,787</u>	--	<u>86,787</u>
Fund balances at end of period	<u>\$ 86,756</u>	--	<u>\$ 86,756</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

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

For the Year Ended September 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad valorem taxes	\$112,000	\$ 119,010	\$ 710
Allocation from St. Mary			
Parish	19,207	19,207	0
Interest	<u>2,300</u>	<u>2,381</u>	<u>81</u>
Total revenue	<u>133,507</u>	<u>139,608</u>	<u>6,101</u>
Expenditures			
Current:			
Public safety			
Repairs & maintenance	2,802	3,890	(1,088)
Auto and truck	2,398	1,147	1,251
Professional fees	4,838	4,838	0
Salaries and related expenses	7,893	7,198	695
Insurance	18,342	18,076	266
Utilities	1,972	1,792	(180)
Telephones and radio	1,095	1,095	0
Gas, fuel, oil	1,549	1,490	59
Supplies	3,153	3,642	(489)
Training	1,108	665	443
Other	851	1,387	(536)
Capital outlay	<u>12,302</u>	<u>12,302</u>	<u>0</u>
Total expenditures	<u>64,852</u>	<u>63,324</u>	<u>1,528</u>
Excess of revenue over expenditures	68,655	76,284	7,629
Other financing sources (uses)			
Transfer out	(72,322)	(72,322)	0
Total other financing sources (uses)	(72,322)	(72,322)	0
Excess(deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,324)	(11)	2,313
Fund balances at beginning of period	<u>86,787</u>	<u>86,787</u>	<u>0</u>
Fund balances at end of period	\$ <u>84,463</u>	\$ <u>86,776</u>	\$ <u>2,313</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

Notes to the Financial Statements
September 30, 1997

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. 1895 of the St. Mary Parish Council, on April 15, 1994, for the purpose of providing fire protection, medical assistance, and extinguishment 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. Financially 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.

part 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonreciprocal 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. Figures 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 \$50,833 and the bank balance was \$81,588. 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, 1997 are as follows:

	Balance September <u>30, 1996</u>	Additions	Deletions	Balance September <u>30, 1997</u>
Equipment	\$ 69,860	\$ 13,800		\$ 83,714
Vehicles	180,360			280,360
Building	182,330			182,330
Total	<u>\$432,550</u>	<u>\$ 13,800</u>	<u>—</u>	<u>\$446,350</u>

NOTE 4 - FIXED ASSETS (continued)

Fixed assets include fire trucks and fire fighting equipment donated by the Four Corners Volunteer Fire Department in 1983 totaling \$143,188.

NOTE 5 - LONG-TERM DEBT

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

	<u>General Obligation</u>
Bonds payable September 30, 1996	\$ 150,000
Retirements	(25,000)
Bonds payable September 30, 1997	\$ 125,000

Bonds payable at September 30, 1987 are comprised of the following:

\$588,000 Certificates of Indebtedness, Series 1988, due in annual installments of \$40,000 to \$78,000 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, 1987 \$125,000

The following is an approximation of future debt requirements at September 30, 1987:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>
1998	\$ 80,000	\$12,700	\$ 92,700
1999	65,000	7,943	72,943
2000	10,000	2,713	12,713
	<u>\$155,000</u>	<u>\$23,356</u>	<u>\$178,356</u>

NOTE 5 - LONG-TERM DEBT (continued)

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 non-cancelable lease commitments at September 30, 1997.

NOTE 8 - COMPENSATION PAID COMMISSIONERS

The commissioners of the District did not receive any compensation during 1997.

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 allocates approximately \$18,400 in funds to the District during the year ended September 30, 1997.

NOTE 10 - CONTRIBUTIONS

The Parish allocation mentioned in Note 9 represents approximately fifteen percent of the District's 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.

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE SECTION



a corporation of
certified public accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 5, 1998

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, 1997, and have issued our report thereon dated March 5, 1998.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of Fire Protection District No. 11 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Fire Protection District No. 11 for the year ended September 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure 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 noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the general purpose financial statements of Fire Protection District No. 11, for the year ended September 30, 1997. This matter is described in the material weakness section of this report.

A similar report issued by us dated February 27, 1969 for the year ended September 30, 1968 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

MATERIAL WEAR/LOSS

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.

Risk: 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.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

March 5, 1998

Board of Commissioners
Fire Protection District No. 11
of the Parish of St. Mary
State of Louisiana
Zenozeville, 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, 1997, and have issued our report thereon dated March 5, 1998.

We conducted our audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to Fire Protection District No. 11 is the responsibility of Fire Protection District No. 11's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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 February 27, 1997 for the year ended September 30, 1996 reported no instances of noncompliance required to be reported under Government Auditing Standards.

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