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COMPONENT UNIT FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE DISTRICT NO. 8

FOR THE YEAR ENDED
DECEMBER 31, 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 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 ~~JUL 26 2000~~

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Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 3790

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ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners
St. Tammany Parish Fire District No. 8
St. Tammany Parish, Louisiana

We have compiled the accompanying financial statements and supplemental information of St. Tammany Parish Fire District No. 8 as of and for the year ended December 31, 1999, as listed in the table of contents, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplemental information and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with standards established by the American Institute of Certified Public Accountants, we have also issued a report dated June 15, 2000 on applying agreed-upon procedures for compliance with laws and regulations.

Smith, Huval & Associates, L.L.C.

June 15, 2000

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1999

	Governmental Fund Types		Account Groups			Total
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	Memorandum Only	
ASSETS						
Cash on hand and in bank	\$ 10,213	\$ 2,248	\$	\$	\$	12,461
Receivables						
Ad Valorem taxes	84,743	56,495				141,238
Revenue Sharing	10,567	3,987				10,567
Due from other funds						3,987
Land			2,608			2,608
Building and improvements			229,320			229,320
Equipment			497,678			497,678
Amount to be provided for retirement of notes and certificates payable				129,216		129,216
	<u>\$ 105,523</u>	<u>\$ 62,730</u>	<u>\$ 729,606</u>	<u>\$ 129,216</u>	<u>\$</u>	<u>1,027,075</u>
LIABILITIES						
Accounts payable	\$ 10,029	\$ 1,227	\$	\$	\$	11,256
Accrued expenses	1,832					1,832
Due to other funds	3,987					3,987
Capital lease payable				26,432		26,432
Note and certificates payable				102,784		102,784
Total liabilities	<u>15,848</u>	<u>1,227</u>	<u>-</u>	<u>129,216</u>	<u>\$</u>	<u>146,291</u>
FUND EQUITY:						
Investment in General Fixed Assets			729,606			729,606
Fund balances:						
Unreserved and undesignated	89,675	61,503				151,178
Total fund equity	<u>89,675</u>	<u>61,503</u>	<u>729,606</u>	<u>-</u>	<u>\$</u>	<u>880,784</u>
	<u>\$ 105,523</u>	<u>\$ 62,730</u>	<u>\$ 729,606</u>	<u>\$ 129,216</u>	<u>\$</u>	<u>1,027,075</u>

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended December 31, 1999

	General Fund		Special Revenue Funds		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Taxes	\$ 82,500	\$ 85,306	\$ 53,000	\$ 57,287	\$(6,713)
Revenue sharing		15,726			
Fire insurance rebate		9,002			
Interest	1,600	1,078	400	571	171
Other		10,284			
Total revenue	<u>84,100</u>	<u>121,396</u>	<u>63,400</u>	<u>57,858</u>	<u>\$(5,542)</u>
Expenditures:					
Salaries and benefits	30,600	37,870			(7,270)
Repairs	18,000	16,113			1,887
Insurance	16,000	15,961		6,389	(6,389)
Telephone	4,000	8,169			(4,169)
Election		5,882			(5,882)
Professional fees	4,500	5,609			(1,109)
Other	4,000	4,718			(718)
Utilities	3,500	3,688			(188)
Training		3,687			(3,687)
Fuel and oil	3,500	3,073			427
Camp		2,026			(2,026)
Office		1,466			(1,466)
Dispatching		1,538			(1,538)
Capital outlay		560			(560)
Debt service			31,366	49,227	(17,861)
Principal					
Interest			32,034	30,127	1,907
Total expenditures	<u>84,100</u>	<u>110,360</u>	<u>63,400</u>	<u>93,297</u>	<u>\$(7,554)</u>
Excess (deficiency) of revenues over expenditures		<u>11,036</u>		<u>(35,439)</u>	<u>\$(35,439)</u>
Other financing sources (uses):					
Proceeds fo notes payable				25,340	25,340
Operating transfers in				5,000	5,000
Operating transfers out		(5,000)			
Total other financing sources (uses)		<u>(5,000)</u>		<u>30,340</u>	<u>30,340</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses		<u>6,036</u>		<u>(5,099)</u>	<u>\$(5,099)</u>
Fund balance, beginning		90,528			
Prior period adjustment		(5,889)		70,751	
Fund balance - beginning as restated		<u>83,539</u>		<u>(4,149)</u>	
Fund balance, ending		<u>89,675</u>		<u>66,502</u>	
					<u>\$ 61,503</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE DISTRICT NO. 8
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of St. Tammany Parish Fire District No. 8 is to acquire, maintain, and operate equipment necessary to provide fire protection and control. The accounting and reporting policies of the Commission conform to generally accepted accounting principles applicable to government entities. The following is a summary of significant accounting policies:

1. Reporting Entity

The St. Tammany Parish Fire District No. 8 was established by joint ordinance of the St. Tammany Parish Police Jury and the Town of Abita Springs on May 16, 1974. The District is governed by a Board of Commissioners consisting of five members. Two commissioners each are appointed by the Town of Abita Springs and the St. Tammany Parish Police Jury. The remaining member is selected by the appointed members and acts as Chairman of the Board.

As the governing authority of the parish, for financial reporting purposes, the St. Tammany Parish Police Jury is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (police jury) (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Police Jury appoints members of the District and as such is financially accountable for the District. However, the Parish governing authority has elected to not report the District in its annual financial statements which is a departure from generally accepted accounting principles. 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 governmental units that comprise the financial reporting entity.

ST. TAMMANY PARISH FIRE DISTRICT NO. 8

ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid the financial management by segregating transactions relating to certain governmental 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 disbursement 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 the following:

General Fund - the general operating fund of the District and accounts for all financial resources except those required to be accounted for in other funds.

Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

3. 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 focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting is used by all governmental funds.

ST. TAMMANY PARISH ECONOMIC AND INDUSTRIAL DISTRICT

ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Budgets and Budgetary Accounting

The Commission has adopted a budget for its general and special revenue funds. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Commission. Budgeted amounts in the accompanying financial statements include all amendments. All budgeted amounts which are not expended or obligated through contracts, lapse at year end. The Commission's budget is materially consistent with generally accepted accounting principles.

5. Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 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.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

6. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance (net current assets). Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. No depreciation has been provided on general fixed assets.

ST. TAMMANY PARISH FIRE DISTRICT NO. 8
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

6. Fixed Assets and Long-Term Liabilities- Continued

Fixed asset values are based on historical cost (if available) or estimated historical cost if historical cost was not available.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are listed as liabilities in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

7. Total Column on Combined Statements

The total column on the combined statements - overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 1999:

Demand deposits	<u>\$12,461</u>
-----------------	-----------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities 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, the District has \$14,345 in deposits (collected bank balances) which is entirely covered by federal deposit insurance.

ST. TAMMANY PARISH FIRE DISTRICT NO. 8
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE C - AD VALOREM TAXES

Property taxes for the operations and maintenance and debt service of the District are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1996. Taxes are due and payable December of the following year.

NOTE D - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>1999</u>
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Building	208,302	20,928	-	229,320
Furniture and equipment	<u>469,379</u>	<u>28,299</u>	-	<u>497,678</u>
Totals	<u>\$680,289</u>	<u>\$ 49,227</u>	<u>\$ -</u>	<u>\$ 729,606</u>

NOTE E - LONG-TERM DEBT

The following is a summary of long-term obligations of the St. Tammany Parish Fire District No. 8 for the year ended December 31, 1999 :

	Capital <u>Lease</u>	Note and Certificate <u>Payable</u>	<u>Total</u>
Balance, Jan 1, 1999	\$ 32,002	\$ 102,000	\$ 134,002
Additions	-	25,340	25,340
Reductions	<u>(5,570)</u>	<u>(24,556)</u>	<u>(30,126)</u>
Balance, December 31, 1999	<u>\$ 26,432</u>	<u>\$ 102,784</u>	<u>\$ 129,216</u>

\$170,000 Series 1994 Certificate of Indebtedness; payable in annual principal installments of \$20,000 to 21,000 plus interest at 4.7% to 5.6%, through 2003, secured by advalorem taxes

\$ 82,000

ST. TAMMANY PARISH FIRE DISTRICT NO. 8
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE E - LONG-TERM DEBT

Lease purchase agreement dated November 4, 1998, payable in annual installments of \$7,794, including interest of approximately 7% through August 1, 2003	26,432
\$25,340 note payable to a local bank dated February 2, 1999, payable in annual installments of \$5,853, including interest of 5%, through September 1, 2003	_20,784
	<u>\$129,216</u>

The following is a schedule of future principal payments on long-term debt:

	Capital <u>Lease</u>	Note and Certificate of <u>Indebtedness</u>
2000	\$ 5,957	\$ 24,790
2001	6,371	25,035
2002	6,814	26,292
2003	<u>7,290</u>	<u>26,667</u>
	<u>\$ 26,432</u>	<u>\$ 102,784</u>

NOTE F - PRIOR PERIOD ADJUSTMENTS

The Districts Beginning Fund Balance has been adjusted to correct cash and accounts payable balances incorrectly stated on the December 31, 1998 financial statements.

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 3790

Covington, Louisiana 70434-3790

Samuel K. Smith, CPA
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the board of Commissioners
St. Tammany Parish Fire District No. 8
St. Tammany Parish, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of St. Tammany Parish Fire District No. 8 and the Legislative auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Tammany Parish Fire District No. 8's compliance with certain laws and regulations during the year ended December 31, 1999 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$ 100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The District purchased a truck for \$25,340. The District complied with the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information. We noted no transactions during the year with any of these parties.

3. Obtain from management a listing of all employees paid during the period under examination.

A list of employees was obtained.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees have a relationship with any of the Commissioners..

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

A copy of the budget obtained from management of the District.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption to the minutes book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

The District did not amend the budget in 1999. As there were unfavorable variances of greater than 5% in both the General and Special Revenue Funds, the District did not comply with the requirements of LSA RS 39:1310.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(A) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(B) determine if payments were properly coded to the correct fund and general ledger account;

Payments were coded to the correct fund and account.

(C) determine whether payments received approval from proper authorities.

Inspection of documentation indicated proper approval was received concerning cash disbursements.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Meeting dates were posted in advance in accordance with the open meetings law

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

The District borrowed funds for the purchase of a truck from a local bank. This note was not approved by the State Bond Commission. After discovering this error, the Board amended the promissory note with the bank to include a non-appropriation lease.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

There were no payments noted that may constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion on management's assertions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of St. Tammany Parish Fire District No. 8 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Smith, Heval & Associates, L.L.C.

June 15, 2000

Fire Protection District 8, St. Tammany Parish

Board of Commissioners
P. O. Box 937 Abita Springs, LA 70420

Terry Christenson, Chair
Mike Fos
Benny Garcia, Sr.
Jack Lemons
Michael Whitehead

Karen Mendow, Secretary/Treasurer
(504) 892-2065
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June 30, 2000

Legislative Auditor's Office
State of Louisiana

Dear Dr. Kyle:

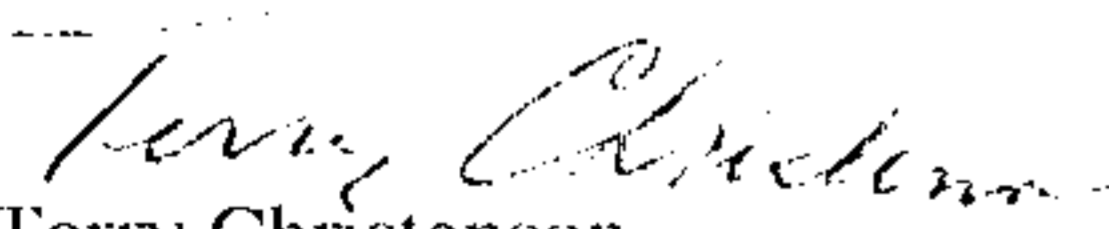
The purpose of this letter is to outline a Corrective Action Plan for Fire Protection District 8, St. Tammany Parish.

1- According to our new accountant, John Murray of Smith and Huval, we need to be more mindful of adjusting our annual budget when required. In the future I shall be checking mid-year with John about our budget and year-to-date expenses so that any required amendment to the budget will be made in a timely fashion.

2- According to our bond attorney, Grant Schlueter of Foley and Judell, we are required to contact the Bond Commission if we plan to incur debt. We did not know this at the time of the purchase of a pickup truck. Recent communications between the lender and Grant have clarified that this was a "nonappropriation" loan. In the future, I shall contact our Bond Attorney when considering the incurring of debt.

We have been going through a major reorganization in this Fire District. As part of that reorganization, I am compiling a Handbook for Fire Commissioners. In it I am outlining our legal responsibilities and procedures we must follow so that future Board members will be able to respond in an appropriate and responsible manner.

I am sincerely yours,


Terry Christenson
Chairman
Fire Protection District 8
St. Tammany Parish