

1513

RECEIVED  
LEGISLATIVE AUDITOR  
04 JUN 28 AM 11:09

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

ANNUAL FINANCIAL STATEMENTS

December 31, 2003

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 9.1.04

# CONTENTS

	PAGE
ACCOUNTANTS' COMPILATION REPORT	3
REQUIRED SUPPLEMENTAL INFORMATION (PART I) MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS	7
STATEMENT OF ACTIVITIES	8
FUND FINANCIAL STATEMENTS	
GOVERNMENTAL FUNDS:	
BALANCE SHEET	9
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	10
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	11
NOTES TO FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND	21
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND	22
OTHER SUPPLEMENTAL INFORMATION	
SCHEDULE OF GOVERNING BOARD	24
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	25
LOUISIANA ATTESTATION QUESTIONNAIRE	28

# 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  
Patrick "Bryan" Huval, CPA

(985) 892-6633 - Covington  
(985) 892-4666 - FAX

## ACCOUNTANTS' COMPILATION REPORT

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

We have compiled the accompanying basic financial statements and supplemental information of St. Tammany Parish Fire District No. 8 as of and for the year ended December 31, 2003, 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 May 12, 2004 on applying agreed-upon procedures for compliance with laws and regulations.

May 12, 2004

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

**FIRE PROTECTION DISTRICT #8 ST. TAMMANY PARISH  
ABITA SPRINGS, LOUISIANA  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Our discussion and analysis of Fire Protection District #8's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003.

The Management's Discussion and Analysis is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999. As this is the first year the District has implemented this model, certain comparative information with the previous year, which is by design included in this reporting model, will not be included in the analysis as permitted by GASB Statement No. 34 with respect to first year reporting.

**FINANCIAL HIGHLIGHTS**

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

**SUMMARY OF STATEMENT OF NET ASSETS**

<b>ASSETS:</b>	
Current Assets	\$ 432,336
Construction in progress	4,050
Capital assets (net of accumulated depreciation)	<u>576,116</u>
 Total assets	 1,012,502
 <b>LIABILITIES:</b>	
Current Liabilities	35,572
Noncurrent liabilities	<u>274,000</u>
 Total liabilities:	 <u>309,572</u>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	325,071
Unrestricted	<u>377,859</u>
 Total net assets	 <u>\$ 702,930</u>

## SUMMARY OF STATEMENT OF ACTIVITIES

Activities	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenues And Changes in Net Assets Governmental Activities
Governmental activities:				
Public safety – fire Protection	\$281,147	\$ 5,614	\$ 121,425	\$ (154,108)
Interest on long-term debt	<u>6,523</u>	<u>-</u>	<u>-</u>	<u>(6,523)</u>
 Total	 <u>\$287,670</u>	 <u>\$ 5,614</u>	 <u>\$ 121,425</u>	 <u>\$ (160,631)</u>
 Total general revenues				 <u>337,016</u>
 Change in net assets				 176,385
 Net assets – beginning				 <u>526,545</u>
 Net assets – ending				 <u>\$ 702,930</u>

The District had a surplus' in the General Fund of \$125,049, the Debt Service Fund of \$37,132, the Capital Projects Fund of \$48,955 and a deficiency in the Special Revenue Fund of \$99,747

### BUDGETARY HIGHLIGHTS

The District's budget was revised once during the year. However, expenses were not materially different from that included in the original budgets.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District was recently informed by the Parish Assessor's office that during this reassessment year our property taxes would increase due to rise in property value in our district. She is requesting that we reduce our millage. At the present time we have no figures and cannot come to a decision until we receive next year projected income.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any question about this report or requests for additional information may be directed to Gary F. Mendow, Fire Chief, St. Tammany Parish Fire Protection District #8 located at 22455 Hwy. 36 East, Abita Springs, LA 70420.

## BASIC FINANCIAL STATEMENTS

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

## STATEMENT OF NET ASSETS

December 31, 2003

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 88,642
Investments	12,021
Receivables - ad valorem taxes	308,882
Receivables - revenue sharing	22,791
Construction in progress	4,050
Capital assets (net of accumulated depreciation)	<u>576,116</u>
Total assets	1,012,502
<b>LIABILITIES</b>	
Accounts payable	5,776
Accrued expenses	3,796
Noncurrent liabilities:	
Due within one year	26,000
Due in more than one year	<u>274,000</u>
Total liabilities	<u>309,572</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	325,071
Unrestricted	<u>377,859</u>
Total net assets	<u>\$ 702,930</u>

See accompanying notes and accountants' compilation report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2003

<u>Activities</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</u>
Governmental activities:				
Public safety - fire protection	\$ 281,147	\$ 5,614	\$ 121,425	\$ (154,108)
Interest on long-term debt	<u>6,523</u>	<u>-</u>	<u>-</u>	<u>(6,523)</u>
 Total	 <u>\$ 287,670</u>	 <u>\$ 5,614</u>	 <u>\$ 121,425</u>	 <u>\$ (160,631)</u>
 General revenues:				
Taxes -				
Property taxes				286,411
State revenue sharing				22,965
Fire insurance rebate				11,262
Proceeds from sale of capital assets				15,000
Interest and investment earnings				<u>1,378</u>
 Total general revenues				 <u>337,016</u>
 Change in net assets				 176,385
 Net assets - beginning				 <u>526,545</u>
 Net assets - ending				 <u>\$ 702,930</u>

See accompanying notes and accountants' compilation report.



ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2003

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 37,166	\$ -	\$ 2,522	\$ 48,955	\$ 88,643
Investments	12,021				12,021
Receivables - ad valorem taxes	274,272		34,610		308,882
Receivables - revenue sharing	22,791				22,791
<b>Total assets</b>	<u>\$ 346,250</u>	<u>\$ -</u>	<u>\$ 37,132</u>	<u>\$ 48,955</u>	<u>\$ 432,337</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,776	\$ -	\$ -	\$ -	\$ 5,776
Accrued expenses	3,797				3,797
<b>Total liabilities</b>	9,573	-	-	-	9,573
<b>FUND EQUITY</b>					
Unreserved	336,677	-	37,132	48,955	422,764
<b>Total fund equity</b>	<u>336,677</u>	<u>-</u>	<u>37,132</u>	<u>48,955</u>	<u>422,764</u>
<b>Total liabilities and fund equity</b>	<u>\$ 346,250</u>	<u>\$ -</u>	<u>\$ 37,132</u>	<u>\$ 48,955</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets and construction in progress used in governmental activities are not financial resources and, therefore, are not reported in the funds.	580,166
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(300,000)</u>
<b>Net assets of governmental activities</b>	<u>\$ 702,930</u>

See accompanying notes and accountants' compilation report.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
- GOVERNMENTAL FUNDS

For the Year Ended December 31, 2003

	General Fund	Special Revenue	Debt Service	Capital Projects	Total
<b>REVENUES</b>					
Ad valorem taxes	\$ 251,801		34,610	\$	\$ 286,411
Revenue sharing	22,965				22,965
Fire insurance rebate	11,262				11,262
Grant revenue	64,425				64,425
Interest	1,117	261			1,378
Donations	59,688	2,228			61,916
Other	699				699
	<u>411,957</u>	<u>2,489</u>	<u>34,610</u>	<u>-</u>	<u>449,056</u>
<b>EXPENDITURES</b>					
Public safety - fire protection					
Salaries and benefits	134,104				134,104
Dispatching	12,833				12,833
Fuel and oil	4,354				4,354
Insurance	14,556				14,556
Medical supplies and treatment	1,155				1,155
Office	740				740
Other	4,367	1,130			5,497
Professional fees	5,665			6,470	12,135
Repairs and maintenance	7,860	19,047			26,907
Telephone	2,768	2,300			5,068
Training	2,673				2,673
Uniforms	1,275				1,275
Utilities	4,155	2,280			6,435
Capital outlay - equipment	71,424	20,091		239,045	330,560
Capital outlay - land	50,000				50,000
Capital outlay - construction				4,050	4,050
Debt service - principal		33,802			33,802
Debt service - interest		3,898	2,625		6,523
	<u>317,929</u>	<u>82,548</u>	<u>2,625</u>	<u>249,565</u>	<u>652,667</u>
Excess (deficiency) of revenues over expenditures	94,028	(80,059)	31,985	(249,565)	(203,611)
<b>OTHER FINANCING SOURCES</b>					
Loan proceeds		237,000		300,000	537,000
Loan refunding		(237,000)			(237,000)
Sale of equipment	15,000				15,000
Transfers from other funds	16,021	1,480	5,147		22,648
Transfers to other funds		(21,168)		(1,480)	(22,648)
	<u>31,021</u>	<u>(19,688)</u>	<u>5,147</u>	<u>298,520</u>	<u>315,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and financial uses	125,049	(99,747)	37,132	48,955	111,389
FUND BALANCE - BEGINNING OF YEAR	<u>211,628</u>	<u>99,747</u>	<u>-</u>	<u>-</u>	<u>311,375</u>
FUND BALANCE - END OF YEAR	<u>\$ 336,677</u>	<u>-</u>	<u>37,132</u>	<u>\$ 48,955</u>	<u>\$ 422,764</u>

See accompanying notes and accountants' compilation report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2003

Amounts reported for governmental activities in the statement of activities (page 8) are different because:

Net change in fund balances - total governmental funds (page 10) \$ 111,389

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 331,194

The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (266,198)

Change in net assets of governmental activities (page 8) \$ 176,385

See accompanying notes and accountants' compilation report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The St. Tammany Parish Fire Protection 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 Council. 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 Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish council) (b) organizations for which the primary governments 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 Council 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 Council appoints members of the District and as such is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Fire Protection District No. 8 have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Basis of Presentation - Continued

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

The capital projects fund accounts for proceeds of certificates of indebtedness and the construction of a new fire house and new fire fighting vehicles and equipment.



ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. 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 pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on a modified accrual basis of accounting. The budget is legally adopted and amended as necessary by the District.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 municipality 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. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Capital Assets

All fixed assets are recorded at historical costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes for depreciation purposes equipment over \$2,500. The following estimated useful lives and methods are used to compute depreciation:

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Capital Assets - Continued

Buildings	40 years	Straight Line
Vehicles	5 - 15 years	Straight Line
Equipment	5 - 15 years	Straight Line

Depreciation expense amounted to \$43,456 for the year ended December 31, 2003.

8. Estimates

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

9. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

NOTE B - AD VALOREM TAXES

Property taxes for the operations and bond 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, 2000. Taxes are due and payable December of the following year.

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized</u>	<u>Levied</u>	<u>Expiration</u>
Maintaining, acquiring, constructing, improving and operating fire protection and rescue services	15.00	15.00	2008
Maintaining, acquiring, constructing, improving and operating fire protection and rescue services	10.00	10.00	2012



ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE B - AD VALOREM TAXES (Continued)

	<u>Authorized</u>	<u>Levied</u>	<u>Expiration</u>
Salaries and benefits	10.00	10.00	2011

NOTE C - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 2003:

Demand deposits	<u>\$88,642</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, 2003, the District has \$89,653 in deposits (collected bank balances) which is entirely covered by federal deposit insurance.

NOTE D - INVESTMENTS

Investments of \$12,021 which are stated at market using published market quotes of December 31, 2003, consists of shares in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE D - INVESTMENTS (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE E - FIRE INSURANCE REBATE

The District is eligible and receives a pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that they serve. In accordance with the Revised Statutes, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection as the District shall direct.

NOTE F - CONSTRUCTION COMMITMENT

On March 3, 2004, the District entered into a construction contract in the amount of \$85,090 to build a new fire house.

NOTE G - CAPITAL ASSETS

Capital assets for the year ended December 31, 2003 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,608	\$ 50,000	\$ -	\$ 52,608
Capital assets being depreciated:				
Building	236,154	-	-	236,154
Equipment	64,700	9,809	-	74,509
Vehicles	<u>201,340</u>	<u>310,792</u>	<u>(15,000)</u>	<u>497,132</u>
Total capital assets being depreciated	502,194	320,601	(15,000)	807,795
Less accumulated depreciation for:				
Building	(77,695)	(5,904)	-	(83,599)
Equipment	(33,920)	(11,428)	-	(45,348)
Vehicles	<u>(144,217)</u>	<u>(26,123)</u>	<u>15,000</u>	<u>(155,340)</u>
Total accumulated depreciation	(255,832)	(43,455)	15,000	(284,287)
Total capital assets being depreciated - net	<u>246,362</u>	<u>277,146</u>	<u>-</u>	<u>523,508</u>
Capital assets - net	<u>\$ 248,970</u>	<u>\$ 327,146</u>	<u>\$ -</u>	<u>\$ 576,116</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE H - 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, 2003:

	<u>Capital Lease</u>	<u>Note and Certificate Payable</u>	<u>Total</u>
Balance, January 1, 2003	\$ 7,290	\$ 26,514	\$ 33,804
Additions	-	537,000	537,000
Reductions	<u>(7,290)</u>	<u>(263,514)</u>	<u>(270,804)</u>
Balance, December 31, 2003	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

The following is a description of long-term obligations for the year ended December 31, 2003:

\$300,000 Series 2003A Certificate of Indebtedness, payable in annual principal installments of \$26,000 to \$34,000 plus interest at 3%, secured by ad valorem taxes

\$ 300,000

The following is a schedule of future principal debt service requirements:

<u>Year Ending December 31</u>	<u>Certificates of Indebtedness</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 26,000	\$ 8,610	\$ 34,610
2005	27,000	7,815	34,815
2006	28,000	6,990	34,990
2007	29,000	6,135	35,135
2008	30,000	5,250	35,250
2009 - 2013	<u>160,000</u>	<u>12,300</u>	<u>172,300</u>
	<u>\$ 300,000</u>	<u>\$ 47,100</u>	<u>\$ 347,100</u>

**REQUIRED SUPPLEMENTAL INFORMATION**

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

## GENERAL FUND

## BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2003

	Budget		Actual	Variance
	Original	Amended		
<b>REVENUES</b>				
Ad valorem taxes	\$ 196,875	\$ 196,875	\$ 251,801	\$ 54,926
Revenue sharing	15,000	15,000	22,965	7,965
Fire insurance rebate	10,000	10,000	11,262	1,262
Grant revenue	32,738	64,425	64,425	-
Interest	500	500	1,117	617
Donations	800	1,800	59,688	57,888
Other	1,500	700	699	(1)
<b>Total revenues</b>	<b>257,413</b>	<b>289,300</b>	<b>411,957</b>	<b>122,657</b>
<b>EXPENDITURES</b>				
Public safety - fire protection				
Salaries and benefits	163,200	159,300	134,104	25,196
Dispatching	15,000	14,000	12,833	1,167
Fuel and oil	4,500	4,500	4,354	146
Insurance	14,000	14,700	14,556	144
Medical supplies and treatment	1,500	1,500	1,155	345
Office		500	740	(240)
Other	5,300	5,000	4,367	633
Professional fees	4,000	4,000	5,665	(1,665)
Repairs and maintenance	6,275	6,275	7,860	(1,585)
Telephone	1,400	2,600	2,768	(168)
Training	7,000	7,000	2,673	4,327
Uniforms		1,000	1,275	(275)
Utilities	2,500	4,500	4,155	345
Capital outlay - equipment		64,425	71,424	(6,999)
Capital outlay - land			50,000	(50,000)
<b>Total expenditures</b>	<b>224,675</b>	<b>289,300</b>	<b>317,929</b>	<b>(28,629)</b>
Excess (deficiency) of revenues over expenditures before other financing sources	32,738	-	94,028	94,028
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds				-
Proceeds from sale of equipment			15,000	15,000
Transfers from other funds			16,021	16,021
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>31,021</b>	<b>31,021</b>
Excess (deficiency) of revenues and other financing sources over expenditures and financing uses	\$ 32,738	\$ -	125,049	\$ 125,049
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>211,628</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 336,677</b>	

See accompanying notes and accountants' compilation report.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

## SPECIAL REVENUE FUND

## BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2003

	Budget		Actual	Variance
	Original	Amended		
<b>REVENUES</b>				
Ad valorem taxes	\$ 78,750	\$ 78,750	\$	\$ (78,750)
Revenue sharing	6,000	6,000		(6,000)
Interest	200	200	261	61
Interest			2,228	2,228
Total revenues	84,950	84,950	2,489	(82,461)
<b>EXPENDITURES</b>				
Public safety - fire protection				
Election		2,200		2,200
Office	1,400	1,000		1,000
Other			1,130	(1,130)
Professional fees		800		800
Repairs and maintenance	14,000	16,990	19,047	(2,057)
Telephone	4,440	2,600	2,300	300
Utilities	3,300	2,550	2,280	270
Capital outlay - equipment	23,810	20,810	20,091	719
Debt service - principal	38,000	38,000	33,802	4,198
Debt service - interest			3,898	(3,898)
Total expenditures	84,950	84,950	82,548	2,402
Excess of revenues over expenditures	-	-	(80,059)	(80,059)
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds			237,000	237,000
Loan refunding			(237,000)	(237,000)
Transfers from other funds			1,480	1,480
Transfers to other funds			(21,168)	(21,168)
Total other financing sources (uses)			(19,688)	(19,688)
Excess of revenues and other financing sources over expenditures and financing uses	\$ -	\$ -	(99,747)	\$ (99,747)
FUND BALANCE - BEGINNING OF YEAR			99,747	
FUND BALANCE - END OF YEAR			\$ -	

See accompanying notes and accountants' compilation report.

**OTHER SUPPLEMENTAL INFORMATION**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 8

SCHEDULE OF GOVERNING BOARD

December 31, 2003

	<u>Compensation</u>
Terry Hand, Chairman 72088 Live Oak St. Abita Springs, LA 70420	-
Terry Christenson 71600 Leveson Abita Springs, LA 70420	-
Mike Fos 24351 Sunny Meadow Dr. Abita Springs, LA 70420	-
Jack Lemmons P.O. Box 335 Abita Springs, LA 70420	-
Benny Garcia 24170 Carvist Ln. Abita Springs, LA 70420	-



# 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  
Patrick "Bryan" Huval, CPA

(985) 892-6633 - Covington  
(985) 892-4666 - FAX

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners  
St. Tammany Parish Fire Protection 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 Protection District No. 8 and the Louisiana Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Tammany Parish Fire Protection District No. 8's compliance with certain laws and regulations during the year ended December 31, 2003 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 and applicable standards of *Government Auditing Standards*. 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).

All purchases were made in accordance 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.

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

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. Obtain a copy of the legally adopted budget and all amendments.

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

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

We traced the adoption of the budget to the minute 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.

We compared the budget in the General Fund and the Special Revenue Fund. We noted that in the General Fund, total actual expenditures of \$317,929 exceeded total budgeted expenditures of \$289,300 creating an unfavorable variance of \$28,629, which is greater than 5%. Also, in the Special Revenue Fund, total actual revenues of \$2,489 failed to meet budgeted revenues of \$84,950 creating an unfavorable variance of \$82,461, which is greater than 5%. LRS 39:1310 requires the management of the District to amend the budget when actual revenues fail to meet budgeted revenues and when actual expenditures exceed budgeted expenditures by more than 5%. The District should monitor the budget frequently and amend it when it appears revenues will fail to meet budgeted amounts and expenditures will exceed appropriation by more than 5%.

#### *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.

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

*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.

Deposits made for the certificates of indebtedness were properly recorded and Bond Commission approval was obtained to incur the new debt.

*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.

May 12, 2004

*Smith, Havel & Associates, L.L.C.*

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

May 13, 2004 (Date Transmitted)

Smith, Huval & Associates, LLC

P.O. Box 3790

Covington, LA 70434

(Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [] No [ ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No [ ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No [ ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No [ ]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No [ ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.  
Yes  No

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.  
Yes  No

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.  
Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.  
Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Karen Menlow</u>	Secretary	<u>8/13/04</u>	Date
<u>Karen Menlow</u>	Treasurer	<u>5/13/04</u>	Date
<u>Leung Hard</u>	President	<u>5/13/04</u>	Date

**Note:** If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.

**St. Tammany Parish Fire Protection District No. 8**  
**22455 Highway 36 East**  
**Abita Springs, Louisiana 70420**

RECEIVED  
LEGISLATIVE AUDITOR  
04 JUN 28 AM 11:09

May 12, 2004

Legislative Audit Advisory Committee  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

To Whom It May Concern:

For the year ended December 31, 2003, our general fund expenditures exceeded budget by more than 5% and our special revenue fund revenues fell short of budget by more than 5%. We will institute procedures to monitor budget to actual reports on a periodic basis, and we will amend future budgets as necessary.

Sincerely,



Gary F. Mendow  
Fire Chief