

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

ANNUAL FINANCIAL STATEMENTS

COVINGTON, LOUISIANA

YEAR ENDED DECEMBER 31, 2013

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 AUG 13 2014

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of St. Tammany Parish Fire Protection District No. 13
Covington, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Fire Protection District No. 13, a component unit of St. Tammany Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS; SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the St. Tammany Parish Fire Protection District No. 13 as of December 31, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis supplementary information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 22, 2014, on our consideration of the St. Tammany Parish Fire Protection District No. 13's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Tammany Parish Fire Protection District No. 13's internal control over financial reporting and compliance.

Bernard & Frankel

April 22, 2014

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**STATEMENT OF NET POSITION
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2013**

	Amount
ASSETS	
Current assets:	
Cash	\$ 764,044
Due from other government units	1,865,997
Prepaid insurance	40,893
Total current assets	\$ 2,670,934
 Capital assets	
Non-depreciable	\$ 102,500
Depreciable, net of accumulated depreciation	2,830,769
Total capital assets	\$ 2,933,269
 TOTAL ASSETS	
	\$ 5,604,203
 LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenditures	\$ 315,981
Current portion of long-term liabilities	249,006
Total current liabilities	\$ 564,987
 Noncurrent liabilities:	
Long-term liabilities	\$ 472,247
Total noncurrent liabilities	\$ 472,247
 TOTAL LIABILITIES	
	\$ 1,037,234
 NET POSITION	
Invested in capital assets, net of related debt	\$ 2,212,016
Unrestricted	2,354,953
Total net position	\$ 4,566,969

See notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013
See Accountant's Review Report

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Public safety	\$ 1,428,878	\$ 67,265	\$ 4,142	\$ (1,357,471)
Interest on noncurrent debt	28,659	-	-	(28,659)
Total governmental activities	\$ 1,457,537	\$ 67,265	\$ 4,142	\$ (1,386,130)
 General revenues:				
Taxes:				
Ad valorem				\$ 1,863,289
Fire insurance tax				20,439
State revenue sharing				30,262
Interest				8,315
Other				975
Total general revenues				\$ 1,923,280
 Change in net position				537,150
 Net position- beginning of year				4,029,819
 Net position-end of year				\$ 4,566,969

See notes to the financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**BALANCE SHEET
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2013**

	<u>GENERAL FUND</u>	<u>ADJUSTMENTS (EXHIBIT A)</u>	<u>STATEMENT OF NET ASSETS</u>
ASSETS			
Cash	\$ 764,044	\$ -	\$ 764,044
Due from other government units	1,865,997	-	1,865,997
Prepaid insurance	40,893	-	40,893
Capital assets			
Non-depreciable	-	102,500	102,500
Depreciable, net of accumulated depreciation	-	2,830,769	2,830,769
TOTAL ASSETS	<u>\$ 2,670,934</u>	<u>\$ 2,933,269</u>	<u>\$ 5,604,203</u>
LIABILITIES			
Accounts payable and accrued expenditures	\$ 315,981	\$ -	\$ 315,981
Noncurrent liabilities:			
Due within one year	-	244,006	244,006
Due after one year	-	477,247	477,247
TOTAL LIABILITIES	<u>\$ 315,981</u>	<u>\$ 721,253</u>	<u>\$ 1,037,234</u>
FUND BALANCES			
Nonspendable-prepaid insurance	\$ 40,893	\$ (40,893)	\$ -
Restricted-debt service	721,253	(721,253)	-
Unassigned	1,592,807	(1,592,807)	-
TOTAL FUND BALANCE	<u>\$ 2,314,060</u>	<u>\$ (2,314,060)</u>	<u>\$ -</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 2,630,041</u>		
NET POSITION			
Invested in capital assets, net of related debt		\$ 2,212,016	\$ 2,212,016
Unrestricted		2,354,953	2,354,953
TOTAL NET POSITION		<u>\$ 4,566,969</u>	<u>\$ 4,566,969</u>

See notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
(EXHIBIT A)**

December 31, 2013

Fund Balance - Governmental Fund \$ 2,354,953

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets	\$ 4,094,826	
Less accumulated depreciation	<u>1,161,557</u>	\$ 2,933,269

Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental fund.

Long-term liabilities at year-end consist of:

Certificates of indebtedness	\$ 413,000	
Note Payable-Whitney National Bank	<u>308,253</u>	<u>(721,253)</u>

Net Assets of Governmental Activities \$ 4,566,969

See notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

December 31, 2013

	<u>GENERAL FUND</u>	<u>ADJUSTMENTS (EXHIBIT B)</u>	<u>STATEMENT OF ACTIVITIES</u>
REVENUES:			
Taxes	\$ 1,863,289	\$ -	\$ 1,863,289
Intergovernmental:			
State of Louisiana:			
State revenue sharing	30,262	-	30,262
Fire insurance tax	20,439	-	20,439
Grant	4,142	-	4,142
Economic development rent	52,000	-	52,000
Miscellaneous:			
Tower lease	15,265	-	15,265
Interest	8,315	-	8,315
Miscellaneous	975	-	975
Total revenues	<u>\$ 1,994,687</u>	<u>\$ -</u>	<u>\$ 1,994,687</u>
EXPENDITURES/EXPENSES:			
Current:			
Public safety:			
Personnel	\$ 769,934	\$ -	\$ 769,934
Insurance	112,276	-	112,276
Operating supplies	143,422	-	143,422
Telephone	12,618	-	12,618
Training and morale	49,173	-	49,173
Repairs and maintenance	67,734	-	67,734
Professional fees	28,725	-	28,725
Utilities	33,341	-	33,341
Administration	20,654	-	20,654
Depreciation	-	191,001	191,001
Total public safety	<u>\$ 1,237,877</u>	<u>\$ 191,001</u>	<u>\$ 1,428,878</u>
Debt service:			
Principal retirement	\$ 239,880	\$ (239,880)	\$ -
Interest and fiscal charges	28,659	-	28,659
Total debt service	<u>\$ 268,539</u>	<u>\$ (239,880)</u>	<u>\$ 28,659</u>
Capital outlay	<u>\$ 291,244</u>	<u>\$ (291,244)</u>	<u>\$ -</u>
Total expenditures/expenses	<u>\$ 1,797,660</u>	<u>\$ (340,123)</u>	<u>\$ 1,457,537</u>
EXCESS OF EXPENDITURES/EXPENSES OVER REVENUES	<u>\$ 197,027</u>	<u>\$ (197,027)</u>	<u>\$ -</u>
Change in net assets	\$ -	\$ 537,150	\$ 537,150
FUND BALANCE			
Beginning of year	<u>\$ 2,157,926</u>	<u>\$ 1,871,892</u>	<u>\$ 4,029,819</u>
End of year	<u>\$ 2,354,953</u>	<u>\$ 2,212,016</u>	<u>\$ 4,566,969</u>

See notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

(EXHIBIT B)

December 31, 2013

Net Change in Fund Balance - Governmental Fund \$ 197,027

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

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.

Capital outlay	\$ 291,244	
Depreciation expense	<u>(191,001)</u>	
Depreciation expense over capital outlay		\$ 100,243

Repayment of capital principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments		<u>239,880</u>
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Change in Net Assets of Governmental Activities		<u><u>\$ 537,150</u></u>
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See notes to financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
December 31, 2013**

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Taxes	\$ 1,800,000	\$ 1,767,000	\$ 1,863,289	\$ 96,289
Intergovernmental:				
State of Louisiana:				
State revenue sharing	19,000	20,000	30,262	10,262
Fire insurance tax	17,000	20,000	20,439	439
Grant	-	4,000	4,142	142
Economic development rent	40,000	40,000	52,000	12,000
Miscellaneous:				
Interest	6,000	8,000	8,315	315
Tower lease	14,000	14,000	15,265	1,265
Miscellaneous	-	500	975	475
Total revenues	<u>\$ 1,896,000</u>	<u>\$ 1,873,500</u>	<u>\$ 1,994,687</u>	<u>\$ 121,187</u>
EXPENDITURES:				
Current:				
Public safety:				
Personnel	\$ 720,000	\$ 770,000	\$ 769,934	\$ 66
Insurance	100,000	117,000	112,276	4,724
Operating supplies	140,000	146,000	143,422	2,578
Telephone	12,000	13,000	12,618	382
Training and morale	30,000	50,000	49,173	827
Repairs and maintenance	60,000	68,000	67,734	266
Professional fees	29,000	29,000	28,725	275
Utilities	27,000	33,000	33,341	(341)
Administration	12,000	22,000	20,654	1,346
Total public safety	<u>\$ 1,130,000</u>	<u>\$ 1,248,000</u>	<u>\$ 1,237,877</u>	<u>\$ 10,123</u>
Debt service:				
Principal retirement	\$ 242,000	\$ 242,000	\$ 239,880	\$ 2,120
Interest and fiscal charges	30,000	30,000	28,659	1,341
Total debt service:	<u>\$ 272,000</u>	<u>\$ 272,000</u>	<u>\$ 268,539</u>	<u>\$ 3,461</u>
Capital outlay	<u>\$ 494,000</u>	<u>\$ 353,500</u>	<u>\$ 291,244</u>	<u>\$ 62,256</u>
Total expenditures	<u>\$ 1,896,000</u>	<u>\$ 1,873,500</u>	<u>\$ 1,797,660</u>	<u>\$ 75,840</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,027</u>	<u>\$ 197,027</u>
FUND BALANCES/NET ASSETS				
Beginning of year	<u>\$ 2,157,926</u>	<u>\$ 2,157,926</u>	<u>\$ 2,157,926</u>	
End of year	<u>\$ 2,157,926</u>	<u>\$ 2,157,926</u>	<u>\$ 2,354,953</u>	

See notes to financial statements.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

The St. Tammany Parish Fire Protection District No. 13 (the District) was established in 1988 under Ordinance Police Jury Series No. 88-949. The Fire District was established for the purpose of providing fire protection to a designated geographical area in St. Tammany Parish. The Fire District maintains three fire stations.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (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 following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of St. Tammany Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the Comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2013.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements include the statement of net position and statement of activities for all non-fiduciary activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are financed to a significant extent by fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. The District has no non-major funds.

The daily accounts and operation of the District continue to be organized on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The District reports only one governmental fund and it represents the major governmental fund:

The *General Fund* is the principal fund of the District and is used to account for all activities except those required to be accounted for in other funds.

Management's Discussion and Analysis

The Governmental Accounting Standards Board requires a Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the District's activities. The District has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Fund Financial Statements:

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 (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

The District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of governmental fund types. In fund financial statements, fund balance for governmental funds, is reported in classifications that comprise a hierarchy primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components-nonspendable, restricted, committed, assigned and unassigned.

- *Nonspendable* – This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributions, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the District to assess, levy, change or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.
- *Committed* – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed previously to commit those amounts.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements:

- *Assigned* – This component consists of amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the District or the designee as established in the District's Fund Balance Policy.
- *Unassigned* – This component consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources (committed, assigned and unassigned) are available for use. It is the District's policy to use committed resources first, then assigned, and then unassigned as they are needed.

During the year ended December 31, 2013, the District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources and also redefined the residual of all other elements presented in a statement of financial position as net position.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America and is included in the budget presentation in the basic financial statements.

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

g) Cash

Cash included amounts in interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or banks having their principal offices in Louisiana.

h) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Machinery and equipment	5-10 years
Vehicles	5-10 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of certificates of indebtedness.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. GENERAL STATEMENT AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)

j) Vacation, Sick Leave and Pension

The District does not provide any vacation or sick leave benefits to any of its employees. Accordingly, there is no accrual for compensated absences.

k) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2013 and for the year then ended, the District did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 2. DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Bank Deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured and uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances Category			Book Balance
	1	2	3	
Cash	<u>\$250,000</u>	<u>\$514,044</u>	<u>\$ ---</u>	<u>\$764,044</u>
Totals	<u>\$250,000</u>	<u>\$514,044</u>	<u>\$ ---</u>	<u>\$764,044</u>

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2013, the District held cash (bank balance) of \$775,522 in interest bearing demand deposits. These deposits were secured from risk of FDIC insurance and pledges of security by the fiscal agent bank.

NOTE 3. PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of 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. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amounts of the taxes. The tax rate for the year ended December 31, 2012 was \$29.77 per \$1,000 of assessed valuation on property within the District for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

NOTE 4. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2013 consisted of the following:

St. Tammany Parish Tax Collector – December, 2013
collections remitted to the District in 2013:

Ad valorem taxes	\$ 1,845,863
State revenue sharing	<u>20,134</u>
Total	<u>\$ 1,865,997</u>

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Dispositions/ Adjustments	Balance December 31, 2013
Capital assets not being depreciated	\$ 102,500	\$ -	\$ -	\$ 102,500
Land				
Capital assets being depreciated				
Buildings	\$ 1,783,636	\$ -	\$ -	\$ 1,783,636
Machinery and equipment	687,231	43,314	-	730,545
Vehicles	1,230,215	247,930	-	1,478,145
Total capital assets being depreciated	\$ 3,701,082	\$ 291,244	\$ -	\$ 3,992,326
Less accumulated depreciation for:				
Buildings	\$ (171,812)	\$ (35,675)	\$ -	\$ (207,487)
Machinery and equipment	(394,119)	(40,782)	-	(434,901)
Vehicles	(404,625)	(114,544)	-	(519,169)
Total accumulated depreciation	\$ (970,556)	\$ (191,001)	\$ -	\$ (1,161,557)
Total capital assets being depreciated, net	2,730,526	100,243	-	2,830,769
Total capital assets, net	\$ 2,833,026	\$ 100,243	\$ -	\$ 2,933,269

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2013 consisted of the following:

Vendors	\$ 269,146
Accrued payroll and liabilities	29,894
Retirement liability	4,847
Interest payable	12,094
	<u>\$ 315,981</u>

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 7. LONG-TERM DEBT

On September 19, 2007 the Fire District issued Certificates of Indebtedness series 2007 in the amount of \$775,000 for the program it has undertaken to provide for acquiring, constructing, and improving fire protection facilities and equipment. The certificates require interest payment at the rate of 4.2% per annum payable on March 1 and September 1 of each year.

The debt service for the secured note payable is as follows:

Year Ending December 31,	Principal	Interest
2014	\$ 97,000	\$ 15,309
2015	101,000	11,151
2016	105,000	6,825
2017	110,000	2,310
	\$ 413,000	\$ 35,595

The Fire District entered into a lease purchasing agreement for a Ferrara pumper and tanker on May 6, 2011 with Tax Exempt Leasing Corporation in the amount of \$600,000 at an annual interest rate of 2.79%. The payments are due annually over the next four years.

The debt service for the secured financing lease is as follows:

Year Ending December 31,	Principal	Interest
2014	\$ 152,006	\$ 8,600
2015	156,247	4,360
	\$ 308,253	\$ 12,960

Changes in long-term debt for governmental activities for certificates of indebtedness and lease financing are as follows:

Balance at January 1, 2013	\$ 961,133
Payments	(239,880)
Balance at December 31, 2013	\$ 721,253

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 8. RETIREMENT PLAN

Pension Policy

All full-time employees of the District are members of the Louisiana Firefighters' Retirement System (the System), a cost-sharing, and multiple-employer defined benefit plan administered by a separate board of trustees.

Membership in the System is mandatory for all full-time firefighters employed by a municipality, parish or fire district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit payable monthly for life, equal to three and one-third percent of their final average salary for each year of creditable service, not to exceed 100 percent of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service stated above and do not withdraw their employee contributions may retire at or after age 55 (or at or after 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination.

The system also provides death and disability benefits. Benefits are established by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or calling, (225) 925-4060.

Funding Policy

For the twelve months ended December 31, 2013, members of the System are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. For the year ended December 31, 2013, the employer contribution rate was 24% above poverty and 26% below poverty.

The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The amount of the District's employer contributions to the System for the year ended December 31, 2013 was \$8,922, equal to the required contributions.

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 13

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 8. RETIREMENT PLAN (Continued)

Section 457 Plan

The Fire District offers the Louisiana Public Employees Deferred Compensation Plan, which is a nonqualified deferred compensation plan under section Internal Revenue Code section 457. The plan is offered to management or highly compensated employees of the Fire District. The maximum contribution amount is 100% of compensation or \$17,500, whichever is less. Participants turning age 50 or older may contribute an additional \$5,500. For the year ended December 31, 2013, the Fire District contributed \$11,250 to the deferred compensation plan.

NOTE 9. SUBSEQUENT EVENTS

The Fire District has evaluated subsequent events through April 22, 2014 the date which the financial statements were available to be issued.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters; for which the District carries commercial insurance. The premiums for group insurance are based on a fixed rate per employee. There was no litigation pending against the District as of December 31, 2013.

NOTE 11. COMPENSATION OF BOARD MEMBERS

Board members were paid \$100 per meeting and \$50 for committee meetings. For the year ended December 31, 2013, \$4,350 was to the board members for their services.

REPORTS BY AUDITOR



BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS F. CHETTA, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

JAMES L. WHITE, C.P.A.

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 13

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of St. Tammany Parish Fire Protection District No. 13, a component unit of St. Tammany Parish Consolidated Government, State of Louisiana, as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered St. Tammany Parish Fire Protection District No. 13's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Tammany Parish Fire Protection District No. 13's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

A deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

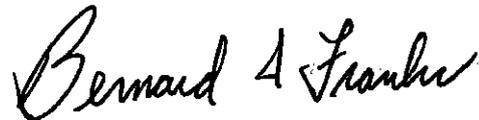
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 13, a component unit of St. Tammany Parish Consolidated Government, State of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
April 22, 2014

ST. TAMMANY FIRE PROTECTION DISTRICT NO. 13

SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2013

Part I — Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

Material weakness (es) identified?

No

Reportable condition(s) identified not considered
to be material weakness?

No

Noncompliance material to financial statement noted?

No

Management letter issued?

No

Part II — Schedule of Financial Statement Findings

There were no findings for the year ended December 31, 2013.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13
SCHEDULE OF PRIOR YEAR'S FINDINGS

DECEMBER 31, 2013

PRIOR YEAR'S FINDINGS

There were no prior year's findings applicable to the St. Tammany Parish Fire Protection District No. 13.