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ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

General Purpose Financial Statements
As of and for the year ended
December 31, 1999
With Supplemental Information Schedule

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MICHAEL K. GLOVER
Certified Public Accountant

Member
American Institute of
Certified Public Accountants

10311 Jefferson Hwy. Suite B-4
Baton Rouge, Louisiana 70809

Member
Society of Louisiana
Certified Public Accountants

(225) 295-1860

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
St. George Fire Protection District No. 2
Baton Rouge, Louisiana

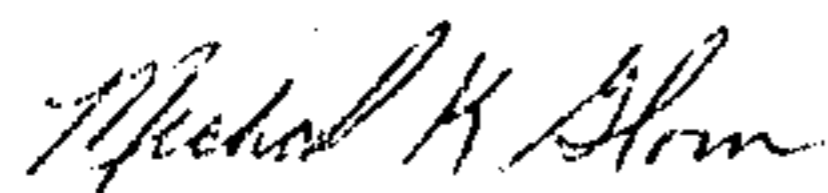
I have audited the accompanying general purpose financial statements of the St. George Fire Protection District No. 2, a component unit of the City of Baton Rouge, East Baton Rouge Parish, for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. George Fire Protection District No. 2 management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards and generally accepted governmental auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, required disclosure of certain matters regarding the year 2000 issue. St George Fire Protection District No. 2 has included such disclosures in Note 14. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. According, insufficient audit evidence exists to support St. George Fire Protection District No. 2, disclosures with respect to the year 2000 issue made in Note 14. Further, I do not provide assurance that St. George Protection District No. 2 is or will be 2000 ready, that St. George Fire Protection District No. 2's year 2000 remediation efforts will be successful in whole or in part, or the parties with which St. George Fire Protection District No. 2 do business will be year 2000 ready.

In my opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had I been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St George Fire Protection District No. 2 a component unit of the City of Baton Rouge, East Baton Rouge Parish, as of December 31, 1999, and the results of operations for the year ended December 31, 1999, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 3, 2000, on my consideration of the St. George Fire Protection District No. 2 a component unit of the City of Baton Rouge, East Baton Rouge Parish, internal control over financial reporting and my test of its compliance with certain provision of laws, regulations, contract and grants.

A handwritten signature in cursive script, appearing to read "Michael K. Blum".

Baton Rouge, LA
March 3, 2000

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

STATEMENT A

Balance Sheet
December 31, 1999

	<u>GOVERNMENTAL FUND TYPES</u>		<u>ACCOUNT GROUPS</u>		<u>TOTAL (MEMORANDU ONLY)</u>
	<u>GENERAL FUND</u>	<u>CAPITAL PROJECT</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM OBLIGATIONS</u>	
ASSETS AND OTHER DEBITS					
Assets:					
Cash and cash equivalents (Note 12)	\$1,979,465				\$1,979,465
Receivable (Note 3)	2,872,644				2,872,644
Due from general fund (Note 5)	(1,715,312)	1,715,312			
Land, buildings, and equipment (Note 6)			3,671,640		3,671,640
Deposit	1,000				1,000
Other debits - amount to be provided for retirement of general long-term obligations (Note 8)				2,711,920	2,711,920
TOTAL ASSETS AND OTHER DEBITS	<u>\$3,137,797</u>	<u>1,715,312</u>	<u>3,671,640</u>	<u>2,711,920</u>	<u>\$11,236,669</u>
LIABILITIES, EQUITY, AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$85,118				\$85,118
Payroll taxes payable	888				888
Accrued interest	22,450				22,450
Compensated absences payable (Note 7)				201,964	201,964
Capital lease obligations (Note 7 and 8)				17,642	17,642
Bonds payable (Note 7)				2,492,314	2,492,314
Total Liabilities	<u>108,456</u>			<u>2,711,920</u>	<u>2,820,376</u>
Equity and Other Credits:					
Investment in general fixed assets (Note 6)			3,671,640		3,671,640
Fund balances:					
Designated (Note 10)		1,715,312			1,715,312
Unreserved - undesignated	3,029,341				3,029,341
Total Equity and Other Credits	<u>3,029,341</u>	<u>1,715,312</u>	<u>3,671,640</u>		<u>8,416,293</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>\$3,137,797</u>	<u>1,715,312</u>	<u>3,671,640</u>	<u>2,711,920</u>	<u>\$11,236,669</u>

The accompanying notes are an integral part of this statement.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA
ALL GOVERNMENTAL FUND TYPES

STATEMENT B

Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 1999

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Ad valorem taxes	\$3,193,978		3,193,978
Service charge	793,478		793,478
Intergovernmental revenues:			
State revenue sharing	205,163		205,163
Fire insurance tax	110,407		110,407
Interest income	129,355		129,355
Miscellaneous	15,586		15,586
Total revenues	<u>4,447,967</u>		<u>4,447,967</u>
EXPENDITURES:			
Public safety:			
Personnel services and related benefits	2,689,462		2,689,462
Repairs and maintenance	152,477		152,477
Legal and professional	23,097		23,097
Insurance	37,995		37,995
Contractual services	63,649		63,649
Office supplies	14,414		14,414
Supplies	335,902		335,902
Rental (Note 9)	116,716		116,716
Capital outlay	139,904	158,513	298,417
Utilities	56,139		56,139
Debt service	580,783		580,783
Other	46		46
Total expenditures	<u>4,210,584</u>	<u>158,513</u>	<u>4,369,097</u>
EXCESS REVENUES (DEFICIENCY) OVER OTHER SOURCES OVER EXPENDITURES AND OTHER USES	237,383	(158,513)	78,870
OTHER FINANCING SOURCES			
Sale of assets	23,805		23,805
	<u>261,188</u>	<u>(158,513)</u>	<u>102,675</u>
FUND BALANCES AT BEGINNING OF YEAR	2,768,153	1,873,825	4,641,978
FUND BALANCES AT END OF YEAR	<u><u>\$3,029,341</u></u>	<u><u>\$1,715,312</u></u>	<u><u>\$4,744,653</u></u>

The accompanying notes are an integral part of this statement.

CAPITAL PROJECT FUND		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
164,020	158,513	5,507
<u>164,020</u>	<u>158,513</u>	<u>5,507</u>
(164,020)	(158,513)	5,507
<u>(164,020)</u>	<u>(158,513)</u>	<u>5,507</u>
1,873,825	1,873,825	
<u>\$1,709,805</u>	<u>\$1,715,312</u>	<u>\$5,507</u>

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
CITY OF BATON ROUGE
PARISH OF EAST BATON ROUGE, LOUISIANA

Notes to Financial Statements
As of and for the Year ended December 31, 1999

INTRODUCTION

On December 31, 1993, the Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge (City/Parish) created the Advisory Board as a Board of Commissioners that will govern the St. George Fire Protection District pursuant to Louisiana Revised Statutes 40:1491-1508 effective January 1, 1994. Article VI, Sections 15 and 19 of the Louisiana Constitution of 1974, authorized the Metropolitan Council to appoint five members to the Board of Commissions. The Louisiana Constitution of 1974 permits the board member to be paid per diem for attending the Board meetings and expenses in accordance with L.R.S. 40:1498; however, the board members are presently not being paid the permitted compensation.

The St. George Fire Protection District No. 2 presently has six stations to provide fire protection for individuals within their district. This District employees approximately 75 full time employees and 32 part-time employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of St. George Fire Protection District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the City of Baton Rouge is the financial reporting entity for the Parish of East Baton Rouge. GASB Statement No. 14 established criteria for determining which component units should be considered part of the City of Baton Rouge and East Baton Rouge Parish for financial reporting purposes. The basis criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Metropolitan Council of the Parish of East Baton Rouge to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Metropolitan Council.
2. Organizations for which the Metropolitan Council does not appoint a voting majority but are fiscally dependent on the metropolitan council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significant of the relationship.

B. REPORTING ENTITY (CON'T)

Because the Metropolitan Council appoints the members of the Board of Commissions, the District was determined to be a component unit of the City of Baton Rouge and East Baton Rouge Parish, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the City of Baton Rouge and East Baton Rouge Parish, the general governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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

Funds of the District are classified as governmental funds. Governmental funds account for district's general activities, including the collection and disbursement of specific or legally restricted monies, the construction of two additional fire stations, the acquisition or general fixed assets, and the servicing of general long-term debt. Governmental Funds of the district includes:

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

Capital Project Fund--this fund will account for the acquisition of general fixed assets, the construction of two new fire stations from expenditures of debt proceeds and the construction of a fire safety house.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds 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. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the service charge are recorded on the modified accrual basis and, therefore, recorded when they are both measurable and available. The calendar for the 1998 ad valorem tax roll was as follows:

	<u>Ad valorem taxes</u>	<u>Service charge</u>
Levy date	January 1, 1999	July 1, 1999
Due date	December 31, 1999	October 31, 1999
Lien date	January 1, 2000	December 8, 1999
Collection date	December 3, 1999	August 4, 1999

State revenue sharing revenues and the 2% fire insurance tax protection rebate are recorded when the district is entitled to the funds.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Compensated absences are recognized as expenditures when leave is actually taken or when the employees (or heirs) are paid for accrued leave upon termination or death, while the cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Encumbrances

Encumbrance accounting is used for the capital project fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the year but are carried forward as reserved fund balance until liquidated.

Other Financing Sources (Uses)

Proceeds from the sale of fixed assets and debt acquired for the construction and purchase of fixed assets (capital project fund) are accounted for as other financing sources and are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition.

E. BUDGET PRACTICES

The proposed budget for 1999 was made available for public inspection on December 22, 1998. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal ten (10) days prior to the public hearing, which was held at the St. George Fire Station on Perkins Road on December 22, 1998, for the comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Board of Commissions.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
Baton Rouge, Louisiana
Notes to the Financial Statements, (Continued)

E. BUDGET PRACTICES - (CON'T)

Formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments, if any.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

Under state law, the districts 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.

G. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased and the related assets are capitalized (reported) in the general fixed assets account group. They are valued at historical cost or estimated cost if historical cost is not available. Approximately 99.3 per cent of the assets are valued at historical cost and .7 per cent are valued at estimated cost based on vendor estimates of prices at the time of purchase. No depreciation has been provided on general fixed assets.

Capitalized interest - Interest cost are capitalized when incurred by the capital project fund on debt where proceeds were used to finance the construction of assets. No interest was capitalized during the current year.

H. COMPENSATED ABSENCES

This fire district has the following policy relating to vacation and sick leave:

Employees of this fire district earn from 1.5 to 2.5 days of annual leave each month and from 7.5 to 11 hours of sick leave each work period, depending on their length of service; however, before vacation time can be used, a waiting period of 360 calendar days must be completed. Every fireman employed by the fire protection district, will be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. Upon termination of employment, employees are paid for accrued annual leave up to the maximum accrual authorized. The plan assets remain the property of the fire district until paid or made available to participants, subject only to claims of the employer's general creditors.

The cost of leave privileges is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
 Baton Rouge, Louisiana
 Notes to the Financial Statements, (Continued)

I. TOTAL COLUMN ON STATEMENTS

The total column on the statements are captioned Memorandum Only to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles or results of operations.

2. LEVIED TAXES AND CHARGES

	AUTHORIZED MILLAGE/RATE	LEVIED MILLAGE	EXPIRATION DATE
Ad valorem taxes	10.00	10.00	2007
Service charge (maximum rate)	\$32.00	N/A	7/31/2001

3. RECEIVABLES

Receivables as of December 31, 1999, are as follows:

<u>Class of Receivable</u>	
Ad valorem taxes	\$2,816,674
Service charge	<u>55,970</u>
	\$2,872,644
	=====

4. RESTRICTED ASSETS

Certain general fund assets are restricted for construction and the purchase of equipment funded through long-term debt.

5. DUE TO OTHER FUNDS

The general fund borrowed \$2,000,000 to construct two additional fire stations and to purchase additional equipment. These funds were deposited in the General Fund and will be accounted for in the Capital Project Fund. The unused balance is \$1,715,312.

6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets for the period are as follows:

	BALANCE DECEMBER 31, <u>1998</u>	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, <u>1999</u>
Land	\$ 187,206	88,666		275,871
Buildings	962,521			962,521
Construction in progress	-0-	42,070		42,070
Equipment under capital lease	422,511			422,511
Equipment	<u>2,073,579</u>	<u>170,631</u>	<u>275,543</u>	<u>1,968,667</u>
	\$3,645,817	301,367	275,543	3,671,640
	=====	=====	=====	=====

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
 Baton Rouge, Louisiana
 Notes to the Financial Statements (Continued)

7. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligations during the year ended December 31, 1999:

	<u>Compensated Absences</u>	<u>Capital Leases</u>	<u>Bonds Debt</u>	<u>Totals</u>
Balance, December 31, 1998	\$ 108,443	104,098	2,806,822	3,019,363
Additions	192,195			192,195
Reductions	<u>98,674</u>	<u>86,456</u>	<u>314,508</u>	<u>499,638</u>
Balance, December 31, 1999	\$ 201,964	17,642	2,492,314	2,711,920
	=====	=====	=====	=====

The capital lease was originally issued December 31, 1989, for \$380,260 at a rate of 8.5% per annum maturing December 31, 1999, an extension has been allowed for the final payment in the year 2000. The proceeds were used to purchase equipment.

The Bonds were originally a \$1,200,000 (Series 1994) and \$2,000,000 (Series 1998), certificate of indebtedness dated October 1, 1994 and November 17, 1998, payable over a period of 10 years from the date thereof bearing interest at a rate not to exceed 6.4% and 5.022% per annum, respectfully. The certificates were issued under the Authority of Sections 2921 to 2925 of Title 33 of the Louisiana Revised Statutes of 1950 as amended, and other constitutional and statutory authority, and will be secured by and payable from a pledge and dedication of the excess of annual revenues of the issuer above statutory, necessary and usual charges in each of the years in the Certificates are outstanding.

The five year annual requirements to amortize the above certificates outstanding at December 31, 1999, including interest are as follows:

<u>Year Ending</u>	<u>Series 1994</u>	<u>Series 1998</u>	<u>Total</u>
2000	\$ 162,247	\$ 290,396	\$ 452,643
2001	161,997	280,352	442,349
2002	161,732	270,308	432,040
2003	161,449	260,264	421,713
2004	161,148	250,220	411,368
Years thereafter	<u>-0-</u>	<u>900,440</u>	<u>900,440</u>
	808,573	2,251,980	3,060,553
Less: Incremental borrowing rate of interest	<u>116,259</u>	<u>451,980</u>	<u>568,239</u>
	\$ 692,314	\$ 1,800,000	\$ 2,492,314
	=====	=====	=====

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
 Baton Rouge, Louisiana
 Notes to the Financial Statements (Continued)

8. CAPITAL LEASES

The district acquired a capital lease to purchase equipment with an original cost of \$422,511. The following is a summary of future minimum lease payments under this lease for the year ending December 31, 1999, an extension has been allowed for the final payment in the year 2000:

	Capital Lease
Minimum lease payments for this capital lease	\$ 18,480
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>838</u>
Present value of minimum lease payments	\$ 17,642 =====

9. OPERATING LEASES

The reporting entity has entered into several operating leases for the rental of two buildings and equipment. For the year ended, rental expenditures with lease agreements exceeding a year, approximated \$45,264. Minimum lease payments for the next five years are as follows:

2000	\$ 41,044
2001	40,200
2002	32,200
2003	<u>18,800</u>
	\$132,244 =====

10. DESIGNATED FUND EQUITY

Designations of equity are used to show the amounts within unreserved equity which are intended to be used for specific purposes. The designated equity is intended for the purpose of construction of assets and the purchase of equipment. When construction begins and the fire district purchases the equipment, these transactions will be accounted for in the Capital Project Fund.

11. PENSION PLAN

Plan Description

Effective January 1, 1999, there are two retirement plans. Those employees hired before January 1, 1999, are covered by the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge while those employees hired after December 31, 1998 are members of the Firefighters' Retirement System.

Substantially all full-time employees of St. George Fire Protection District No. 2 are members of the respective plan depending on their date of employment. Both retirement systems are multiple-employer (cost-sharing), deferred benefit pension plans administered by a separate board of trustees.

11. PENSION PLAN - (CON'T)

All full-time employees of the District become a member of the Retirement System. Both pension plans provide retirement benefits, as well as death and disability benefits. The benefits of the Employees' Retirement System are vested after 10 years of service. Minimum benefits are payable on the attainment of age 55 for all employees with a minimum of 10 years of service or 20 years of service at any age. Full retirement benefits are payable with 25 years of service, regardless of age. Benefits, depending upon the number of years of service, are either 2½% or 3% of average compensation times the number of years creditable service. Benefits cannot exceed 90% of average compensation.

The benefits of the Firefighters' Retirement System are available to employees with 20 or more years of service who have attained age 50 or employees who have 12 years of service who have attained age 55 or 25 years of service at any age. Benefits are equal to 3 1/3% of the employees average compensation based on the 36 consecutive months of highest pay multiplied by their total year of service, not to exceed 100%.

Disability Benefits

Pension provisions of the Employees' Retirement System include both service connected and ordinary disability benefits. Under a service connected disability, the disabled employee is entitled to receive 50 percent of average compensation, plus an additional factor for each year of service in excess of ten years. Under an ordinary disability, ten or more years of service receive 50 percent of average compensation or 2 1/2% times the number of years of creditable service, whichever is greater. Disability benefits cease at the death of the disabled employee.

Active contributing employees are entitled to disability benefits under the provisions of the Firefighters' Retirement System. Any employee under the age of 50 who becomes totally disabled in the line of duty will receive 60% of their compensation, or 75% of their accrued retirement benefit with a minimum of 25% of average salary for an injury received, even though not in the line of duty. Any employee age fifty or older who becomes totally disabled from an injury sustained in the line of duty is entitled to the greater of 60% of compensation or their accrued retirement benefit. An employee age fifty or older who becomes totally disabled as a result of any injury, is entitled to benefits equal to their accrued retirement benefit with a minimum of 25% of average salary.

Survivor Spouse Benefits

The pension provisions of the Employees' Retirement System for a qualifying spouse will receive 50 percent of the retired employee's pension amount. Should an employee die before retirement, a qualifying spouse may receive an actuarially computed benefit based on the employee's calculated benefit, if eligible; or \$600 per month plus \$150 per month for each minor child, if the employee was not eligible for benefits at time of death.

Survivor spouse benefits under the Firefighter's Retirement System are entitled to an annual benefit equal to two-thirds of the deceased employee's compensation if the employees death is in the line of duty. If a member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit of 3% of the deceased employee's average compensation multiplied by their total years of creditable service. In no event is the annual benefit less than 40% nor more than 60% of the deceased employee's average final compensation.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)

11. PENSION PLAN - (CON'T)

Both of these Systems' issues an annual publicly available financial report that includes financial statements and required supplementary information for the Systems'. The respective reports may be obtained by writing to the Employees' Retirement System of the City of Baton Rouge and Parish of East Baton Rouge, 209 St. Ferdinand Street, Post Office Box 1471, Baton Rouge, Louisiana 70821 or by calling (225) 389-3272 or the Firefighter's Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809 or by calling (225) 925-4060.

Funding Policies

Plan members of the Employees' Retirement System required by the plan to contribute 9.5 percent for 1999 and 1998 and 8 percent of their gross pay for 1997, while the employer contribution rate is 16.13 percent for 1999 and 1998 and 15.08 percent for the year 1997 of the annual covered payroll. The contribution requirements of plan members and the St. George Fire Protection District No. 2 are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The contributions by the District and plan participants for the years ended December 31, 1999, 1998, and 1997, were \$320,825, \$184,638 and \$145,034 respectively, equal to the required contributions for each year.

Plan members of the Firefighters' Retirement System required by the plan to contribute 8 percent beginning 1999 of their gross pay, while the employer contribution rate is 9 percent for 1999 of the annual covered payroll. The contribution requirements of plan members and the St. George Fire Protection District No. 2 are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The contributions by the District and plan participants for the year ended December 31, 1999, was \$98,060 equal to the required contributions for the year. There were no net pension obligations for either of these plans.

12 - CONCENTRATION OF CREDIT RISK

At December 31, 1999, St. George Fire District has cash (book balances) as follows:

Interest bearing demand deposits	1,979,465
Deposits secured by:	
Federal deposit insurance	100,000
Collateralized deposits	<u>1,879,465</u>
Total secured deposits	<u>1,979,465</u>
Amount at risk	\$ -0-
	=====

The collateralized deposits are securities held in the name of the St. George and consist of federated securities.

ST. GEORGE FIRE PROTECTION DISTRICT NO. 2
Baton Rouge, Louisiana
Notes to the Financial Statements (Continued)

13. BOARD OF COMMISSIONERS

The District is government by a Board of Commissioners. The members receive no compensation or per diem allowances for their services. Below is a list of the Board members and their respective titles:

Donald J. Kelly	Chairman	Gary Durham	Board Member
Mr. Johnny R Suchy	Secretary	Stephens Adams	Board Member
Frank H. Collura	Board Member		

14. YEAR 2000 ISSUE

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

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the District's operations. Based on this inventory, the District is in the testing and validation stage. Programming changes have been made to all critical systems and they are believed to be year 2000 compliant. Costs incurred have not been material to the financial statements.

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

15. COMMITMENTS

At year end, the District has contracted to purchase three additional fire trucks for \$998,879.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. The report on compliance internal control over financial reporting is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.

MICHAEL K. GLOVER

Certified Public Accountant

Member
American Institute of
Certified Public Accountants

10311 Jefferson Hwy. Suite B-4
Baton Rouge, Louisiana 70809

Member
Society of Louisiana
Certified Public Accountants

(225) 295-1860

Independent Auditor's Report on
Compliance and Internal Control over Financial Reporting Based Upon
An Audit of the General Purpose Financial Statements Performed in
Accordance with Government Auditing Standards

Board of Commissioners
St. George Fire Protection District No. 2
Baton Rouge, Louisiana

I have audited the general purpose financial statements of St. George Fire Protection District No. 2, a component unit of the City of Baton Rouge, East Baton Rouge Parish, for the year ended December 31, 1999, and have issued my report thereon dated March 3, 2000. I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether St. George Fire Protection District No. 2, a component unit of the City of Baton Rouge, East Baton Rouge Parish, general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on the compliance with those provisions was not an objective on my audit and, accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered St. George Fire Protection District No. 2 internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving over financial reporting and its operation that I consider to be material weaknesses.

Board of Commissioners
St. George Fire Protection District No. 2
Baton Rouge, Louisiana
Report on Compliance and on Internal Control
Over Financial Reporting Based on an Audit
of Financial Statements Performed in Accordance
with Government Auditing Standards
March 3, 2000

This report is intended for the information of management and interested federal and state agencies. However, this report is a matter of public record and its distribution is not limited.



Baton Rouge, LA
March 3, 2000