

STATE OF LOUISIANA
OFFICE OF THE ATTORNEY GENERAL
BAGNOLETTI
1000 PINE STREET
MONROE, LA 70502

98801614
9024
33

**OFFICIAL
FILE COPY
DO NOT SEND OUT**

(When necessary
copies from this
copy and PLACE
BACK in FILE)

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 1987**

Under provisions of state law, this report is a public document. A copy of the report has been delivered to the recipient, as requested, and the recipient agrees to make no claim of copyright in the report in violation of the provisions of law which prohibit the recipient from making any claim of copyright in the report. If the recipient is a public body, the recipient agrees to make a copy of the report available to the public.

Date, **DEC 16 1988**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
COMPONENT UNIT FINANCIAL STATEMENTS	
Combined Balance Sheet—All Fund Types And Account Groups	3
Statement of Revenues, Expenses/Status, and Changes in Fund Balance—General Fund	4
Statement of Revenues, Expenses/Status, and Changes in Fund Balance—Budget and Actual (GAAP basis)—General Fund	6
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTAL INFORMATION	
Schedule of Compensation Paid to Board Members	21
OTHER INDEPENDENT AUDITORS' REPORT	
Compliance and On Internal Control Over Financial Reporting Based On an Audit of Basic Financial Statements Performed In Accordance With Government Auditing Standards	25
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	30

Skarda & Silva, L.L.P.

Certified Public Accountant
4180 Harville Street
Monroeville, LA 70477

Steven A. Skarda, C.P.A.
Ferra A. Silva, C.P.A.

(504) 826-8193, Main
(504) 826-8767, Fax

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 12
Covington, Louisiana

We have audited the accompanying component unit financial statements that do not include a statement of revenues, expenditures and changes in fund balance-budget and actual, for the special revenue fund of the St. Tammany Parish Fire Protection District No. 12 as of December 31, 1997 and for the two years then ended as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the St. Tammany Parish Fire Protection District No. 12, as of December 31, 1995, were audited by another auditor whose opinion dated February 22, 1996, on those statements was unqualified.


We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. We believe that our audit provides a reasonable basis for our opinion.

The District did not legally establish a special revenue fund or prepare and legally adopt a budget for the special revenue fund as mandated by Louisiana Revised Statutes 29:1501-1514. Accordingly, there is no presentation of a statement of revenues, expenditures, and changes in fund balance-budget and actual, of the special revenue fund for the years ended December 31, 1997 and 1996. Presentation of such statement for this governmental fund for which a budget is legally required to be adopted is required by generally accepted accounting principles.

In our opinion, except for the omission of a statement of revenues, expenditures, and changes in fund balance-budget and actual for the special revenue fund, that results in an incomplete presentation as explained in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Fire Protection District No. 12 as of December 31, 1997, and the results of its operations for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 23, 1998 on our consideration of St. Tammany Parish Fire Protection District No. 12's internal control structure and on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the St. Tammany Parish Fire Protection District No. 12 taken as a whole. The accompanying schedule of compensation paid to board members for the year ended December 31, 1997, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


November 23, 1998

EL TAHMANY PUBLIC FIRE PROTECTION DISTRICT, II
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
PER JANUARY 31, 2007

ASSETS AND OTHER DEBITS	Encumbrance	Account Groups		Total (Balance Sheet Total)
	Fund Type	Current	Long Term	
	Current	Fund Assets	Liabilities	
Cash and cash equivalents	\$ 205,000	\$ -	\$ -	\$ 205,000
Receivables:				
- All various taxes, net of allowances				1,500,000
- In receivable form of \$40,000	1,160,000	-	-	1,160,000
- State accounts payable	34,000	-	-	34,000
- Grants	1,000	-	-	1,000
Land, buildings, equipment and vehicles	-	1,700,000	-	1,700,000
Amounts due provided for retirement of general long-term obligations	-	-	400,000	400,000
Amounts due provided for compensated absence	-	-	30,000	30,000
TOTAL ASSETS AND OTHER DEBITS	\$ 1,400,000	\$ 1,700,000	\$ 430,000	\$ 3,530,000
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities				
- Unallocated form of various taxes	\$ 30,000	\$ -	\$ -	\$ 30,000
- Accounts payable and accrued expenditures	80,000	-	-	80,000
- Unallocated liabilities for compensated absence	-	-	30,000	30,000
- General obligations/bonds	-	-	400,000	400,000
- Total liabilities	110,000	-	430,000	540,000
Fund Equity				
- Investment in general fund assets				100,000
- Current	-	1,000,000	-	1,000,000
- General	-	1,000,000	-	2,000,000
- Fund Reserve				-
- Reserve for depreciation and contingency fund	10,000	-	-	10,000
- Unallocated	1,000,000	-	-	1,000,000
- Total fund equity	1,010,000	1,000,000	-	2,010,000
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 1,120,000	\$ 1,000,000	\$ 430,000	\$ 2,550,000

The unencumbered items are an integral part of this statement.

**NY THRUWAY PARKS FIRE PROTECTION DISTRICT NO. 12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
REVENUES		
Ad valorem taxes	\$ 1,155,000	\$ 984,407
State income sharing	52,411	41,240
FD-100 discounts for insured losses	18,501	19,800
Other income	42,841	80,650
	<u>1,268,753</u>	<u>1,095,097</u>
EXPENDITURES		
Accounting	1,711	8,607
Advertising	5,079	6,137
Auxiliary - deduction	763	760
Capital outlay	285,780	282,814
Costs and contingencies	5,003	7,147
Education	333	1,006
Electric expense	-	4,600
Employee benefits	49,342	43,880
Fire protection	1,089	750
Fuel and oil	16,004	15,280
Insurance	45,340	36,884
Interest	16,913	8,884
Lease	3,108	-
Legal and professional	55,893	44,106
Meetings	1,733	2,660
Mitigation reimbursement	5,493	5,104
Miscellaneous	80	760
Office expenditures	11,993	1,777
Operating supplies	11,647	7,101
Outside services	1,100	-
Payroll taxes	17,900	8,884
Printing	670	487
Rent	9,100	-
Repairs and maintenance	49,342	41,817
Salaries and wages	571,844	488,080
State pension/deferred	30,000	30,000
Telephone and communications	18,000	17,070
Training and courses	14,100	11,708
Travel	500	500
Utilities	8,103	4,500
Utilities	11,751	10,187
Workers compensation	36,100	27,000
	<u>1,202,658</u>	<u>1,016,000</u>
Excess (deficiency) of revenues over expenditures	(93,895)	289,097

RE TOWNSHIP PARISH FIRE PROTECTION DISTRICT NO. 11
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - OPERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
OTHER FINANCIAL SOURCES		
Percent from long-term obligations	\$0.00	\$0.00
Excess collection of various user expenditures and other sources	(1,041,700)	670,000
fund balance-beginning of year	1,488,700	818,700
fund balance-end of year	\$ 1,290,000	\$ 1,488,700

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTIVE DISTRICT NO. 11
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE SHEET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998

	1997		1998		Variance Percent Adjustment
	Budget	Actual	Variance Favorable Unfavorable	Budget	
REVENUES					
Ad valorem taxes	\$ 898,000	\$ 1,149,888	\$ 261,888	\$ 871,000	\$ 384,877
State revenue sharing	25,000	94,005	206,015	11,000	87,240
2% fire insurance tax	25,000	18,062	(6,938)	11,000	(4,995)
Interest income	25,000	42,890	27,890	11,000	31,877
Other income	-	8,812	8,812	-	1,879
	\$ 973,000	1,286,652	\$ 313,652	\$ 893,000	1,299,869
EXPENDITURES					
Accounting	-	5,075	(5,075)	-	3,878
Advertising	-	5,000	(5,000)	-	4,128
Assurance activities	-	762	(762)	-	799
Capital outlay	24,473	498,798	(474,325)	32,000	80,814
Debt service	51,612	5,000	46,612	-	-
Deer and rickshaws	-	9,000	(9,000)	-	1,142
Insurance	24,000	20,547	3,453	3,000	1,994
Printing	-	100	(100)	-	1,094
Services expense	-	48,595	(48,595)	-	4,872
Employee benefits	-	1,548	(1,548)	-	41,712
Fire protection	75,000	10,488	64,512	12,000	(9,648)
Fuel/landfill	75,000	40,480	34,520	43,000	(205)
Telephone	-	14,000	(14,000)	-	3,787
Travel	-	14,000	(14,000)	43,000	24,813
Utilities	-	2,118	(2,118)	-	6,894
Legal and professional	25,000	49,025	(24,025)	30,000	41,198
					(74,980)

ST. LOUISVILLE PARISH FIRE PROTECTION DISTRICT NO. 12
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
 IN FUND BALANCE—BUDGET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998

	1997		1998		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Salaries	3,800	3,725	3,000	3,640	(640)
Salings maintenance	-	3,812	-	3,738	(1,080)
Stocks/stocks	-	50	-	900	(900)
Office expenditures	2,600	11,881	3,000	1,717	273
Operating expenses	3,000	12,017	3,000	1,718	(1,280)
Outside services	1,200	1,200	-	-	-
Project costs	3,600	17,500	3,000	4,818	(1,200)
Produce	200	495	450	417	23
Rent	-	5,170	-	-	-
Repairs and maintenance	60,000	63,961	24,000	61,074	(16,076)
Reserve and wages	600,000	671,814	600,000	681,818	(17,800)
State pension liability	50,000	36,036	30,000	30,718	3,800
Telephone and communications	4,000	9,000	3,000	17,173	(6,200)
Training and consultant	10,000	14,100	5,000	11,318	(1,300)
Travel	1,000	378	1,000	944	78
Utilities	4,200	4,811	4,200	4,317	(885)
Utilities	10,000	11,791	7,000	70,397	(50,397)
Vehicle compensation	20,000	21,810	40,000	37,800	3,200
	670,000	1,321,438	700,000	879,000	(100,000)
	-	(671,000)	(120,000)	280,000	600,000

Errors (influence) of revision
 are expenditures

ST. THOMAS' HOSPITAL, PROTECTIVE DISTRICT NO. 12
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE—BUDGET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1998

	1997		1998	
	Budget	Actual	Budget	Actual
OTHER FINANCING SOURCES	-	817,500	-	850,000
Proceeds from long-term obligations	-	817,500	-	850,000
Excess (deficiency) of revenues over expenditures and other sources	-	6,841,800	1,111,700	711,251
Fund balance—beginning of year	1,448,200	1,448,200	815,152	815,151
Fund balance—end of year	\$ 1,448,200	\$ 2,100,000	\$ 926,852	\$ 1,526,301

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Tammany Parish Fire Protection District No. 12, (the "District") was established by the St. Tammany Parish Police Jury Ordinance No. 796 in April 1971. The District serves the area of Ward 3 of St. Tammany Parish, Louisiana, but excluding the corporate limits of the City of Covington. The District is governed by a Board of Commissioners consisting of five resident taxpayers, as provided by Louisiana Revised Statute 48:1494. The St. Tammany Parish Police Jury appoints the commissioners to two-year terms. The four appointed commissioners select the fifth member who serves as chairman. Vacancies are filled by the bodies making the original appointments. The District is operated as a component unit of the St. Tammany Parish Police Jury.

Fire protection districts are created for the purpose of acquiring, maintaining, and operating facilities, machinery, equipment, water tanks, water hydrants, water lines, and other things necessary to provide proper fire protection and control of the property within the District. The District interacts with the Covington Volunteer Fire Department to carry out its objectives.

The financial statements of the St. Tammany Parish Fire Protection District No. 12 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting principles are described below.

Reporting Entity

The financial statements of the St. Tammany Parish Fire Protection District No. 12 include all funds, account groups and activities that are within the oversight responsibility of the District. Certain units of local government, over which the District exercises no oversight responsibility such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying component unit financial statements. These units of government are considered separate reporting entities and their financial statements separate from those of the District.

As the governing authority of the Parish, for reporting purposes, the St. Tammany Parish Police Jury is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Board No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria include:

- a) Appointing a voting majority of an organization's governing body, and the ability of police jury to impose its will on that organization and/or the potential for that organization to provide specific financial benefits to or impose specific financial burden on the organization.
- b) Organizations for which the police jury does not appoint a voting majority but are financially dependent on the police jury.
- c) Organizations for which the reporting entity's financial statements would be misleading if items of the organization is not included because of the nature or significance of the relationship.

St. Tammany Parish Fire Protection District No. 12 is considered a component unit of the financial reporting entity because the commissioners of the District are appointed by the St. Tammany Parish Police Jury. The accompanying financial statements present information only on the funds maintained by the St. Tammany Parish Fire Protection District No. 12 and do present information on the Police Jury, the general government services provided by the Police Jury, or other governmental units that comprise the financial reporting entity.

Fund Accounting

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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, or the other fund, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net reportable available financial resources. Funds are ordered into three major categories: governmental, proprietary, and fiduciary. Funds within each major category are grouped by fund type in the component unit financial statements. The funds and account groups used by the District are as follows:

Governmental Fund Types

Governmental funds are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's reportable financial resources and the related liabilities are accounted for through governmental funds. The general fund is the principal fund of the District. The various fees and taxes due to the District are accounted for in this fund. General operating expenditures are paid from this fund.

Account Groups

An account group is used to establish accounting control and accountability for the District's general fixed assets and general long-term obligations. This account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District. Capital outlays in the general fund are recorded as expenditures of those funds at the time of purchase and are subsequently recorded for control purposes in the general fixed assets account group.

General Long-Term Debt Account Group

This account group is established to account for all of the District's long-term obligations reported to be financed from general governmental resources.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 13

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Unlike the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues of the District susceptible to accrual are ad valorem taxes, insurance taxes, state revenue sharing, and interest. Substantially all other revenues are recorded when received.

Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund. Formal budgetary accounting is not employed for the debt service fund because effective control is alternatively achieved through the inclusion provisions of the Certificate.

The budget is adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year end.

The budget for the special revenue fund has not been established, prepared and legally adopted as required by state law and generally accepted accounting principles; therefore, the financial statements do not include revenues, expenditures and changes in fund balance-budget and actual.

Encumbrance

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is not employed by the District.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and certificates of deposits, if any.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1211, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 22

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

General fixed assets are not capitalized if the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the general fund, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost when historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets in the general fixed assets account group are not depreciated.

Use of Estimates in the Preparation of Financial Statements

The preparation of the District's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect reported amounts of assets and liabilities as of December 31, 1997 and 1996. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in 1997 and 1996 financial statements.

Allowance for Uncollectible Receivables

The District's primary revenue source, ad valorem taxes, become delinquent if not paid by March 1 following the year of assessment. Unpaid taxes attach as an enforceable lien on property. The Board of Commissioners determined, based on prior historical information, that current collections are approximately 90% of the tax levy. At December 31, 1997 the amount of uncollectible receivables was \$48,779.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ad Valorem Taxes

Ad valorem taxes are generally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes.

Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value.

The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

Human Resources, Vacation, and Sick Leave Policies

The District contributes to the pension plan for its full-time employees (see Note J). The District's policy is to allow employees to accumulate vacation leave up to a maximum of thirty (30) days. Upon termination of service, employees are paid for unused vacation leave.

The District does not accrue sick leave for their employees because their policy does not allow payment for accumulated sick leave.

Reserve and Purpose of Reservations of Fund Balance

The reserves for repairing and replacing equipment is discussed in Note I.

Fund Equity

Designations represent those portions of fund equity that have been segregated to indicate intended plans for future resource use.

Total Column on Balance Sheet

The total column on the balance sheet is captioned Memorandum Only to indicate that it is prepared only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings.

The budget is then legally adopted by the District. Budgeted amounts for the general fund included in the accompanying statements are as originally adopted by the District as of December 31, 1996 and December 30, 1995.

The accompanying statement of revenues, expenditures, and changes in fund balance-budget and actual (GAAP basis) of the general fund present comparisons of the legally adopted budget with actual data.

NOTE C - CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's deposits was \$207,167 and the bank balance was \$126,818. The bank balance is categorized as follows:

Amount insured by the FDIC, as collateralized with securities held by the District's agent in the District's name	\$ -
Amount collateralized with securities held by the pledging financial institution's trust	-
Uncollateralized (includes balance that is collateralized with securities held by the pledging financial institution but not in the District's name)	<u>226,818</u>
Total bank balance	<u>\$126,818</u>

NOTE D - RECEIVABLES

Receivables at December 31, 1995, were comprised of the following:

Ad valorem taxes	\$1,166,343
State revenue sharing	<u>54,612</u>
	<u>\$1,220,955</u>

ST. TAMMANT PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE D - AD VALOREM TAXES

The District was authorized to levy a special ad valorem tax of 18.21 mills on October 24, 1987, commencing in 1988 and ending in the year 1991. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities, purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes. In 1998, the ad valorem tax was extended for a period of ten years.

On July 17, 1990, the District was authorized to levy an additional special ad valorem tax of ten (10) mills, commencing in 1991 and ending in the year 2003. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities, purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes.

In June 1995, the District was authorized to levy an additional special ad valorem tax of five (5) mills, commencing in 1996 and ending in the year 2005. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining, and operating fire protection facilities, purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes.

NOTE E - CHANGES IN GENERAL FUND ASSETS

A summary of changes in general fund assets follows:

	Balance <u>12/31/95</u>	1996 Additions (Deductions)	1997 Additions (Deductions)	Balance <u>12/31/97</u>
Land	\$ 166,999	\$ -	\$ -	\$ 166,999
Buildings and improvements	346,471	68,576	328,958	743,005
Equipment and furniture	248,325	11,218	398,178	657,721
Vehicles	<u>328,486</u>	<u>-</u>	<u>-</u>	<u>328,486</u>
	<u>\$1,070,281</u>	<u>\$ 80,794</u>	<u>\$ 727,137</u>	<u>\$1,778,212</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 11

NOTES TO FINANCIAL STATEMENTS

NOTE G – DONATED FIXED ASSETS

Donated fixed assets consist of the Highway 25 and Northpark properties, valued at \$21,809 and \$75,060, respectively. The properties must be used for fire protection services as stipulated in the donation agreements or the properties will revert back to the donors under terms specified in the transfer documents.

NOTE H – 2% FIRE INSURANCE TAX

The District is eligible and receives a private 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 it serves. In accordance with the revised statute, such funds shall be used only for the purpose of "ensuring more efficient and effective fire protection in the District shall allow.

NOTE I – CHANGES IN GENERAL LONG-TERM OBLIGATIONS

Certificates of Indebtedness

The District pursuant to an election, and authority granted by the State Bond Commission, was authorized to levy a special tax of ten (10) mills and five (5) mills for the periods from 1994 through 1995 and from 1996 through 2000. In conjunction with the authorization the District issued its certificates of indebtedness to a bank in the original amounts of \$200,000 and \$317,500, respectively. These certificates were issued for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities, purchasing fire trucks and other fire fighting equipment, and paying the cost of obtaining water for fire protection purposes.

Certificates of Indebtedness, Series 1995

These certificates have a maturity of six (6) years beginning in 1995, and bear interest at 7%. Principal payments are due annually on March 1 and interest is payable on March 1 and September 1 of each year.

Certificates of Indebtedness, Series 1996

These certificates have a maturity of eight (8) years beginning 1996, and bear interest at 5%. Principal payments are due annually on March 1 and interest is payable on March 1 and September 1 of each year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS (continued)

Annual debt service requirements to maturity, including interest of \$177,426, are as follows:

Year Ending December 31	Amount
1998	\$ 17,661
1999	119,975
2000	129,226
2001	121,398
2002	119,607
2003	121,375
2004	112,873
	<u>\$739,915</u>

There are a number of limitations and restrictions contained in the covenants of indebtedness agreements, the most restrictive of which require the establishment and maintenance of a special revenue fund to service the debt requirements of the Indenture. As of December 31, 1997 and 1996, the District was in violation of certain covenants of the agreement and the bank has waived its ability to accelerate that payment of these obligations.

The following is a summary of the changes in general long-term obligations:

	Balance 12/31/95	1996 Additions (Reductions)	1997 Additions (Reductions)	Balance 12/31/97
Covenants of indebtedness	\$ -	\$ 315,808	\$ 307,508	\$ 612,580
Compartments advanced	<u>23,678</u>	<u>3,198</u>	<u>(3,877)</u>	<u>23,000</u>
	<u>\$ 23,678</u>	<u>\$ 328,996</u>	<u>\$ 311,631</u>	<u>\$631,879</u>

NOTE 2 - DEPRECIATION/CONTINGENCY FUNDS

In February 1995, the Board of Commissioners of St. Tammany Parish Fire District No. 12 established a depreciation and contingency fund in the amount of \$25,808 for the purpose of repairing and replacing equipment. The balance at December 31, 1997 remains at \$25,808.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - PENSION PLAN

Substantially all employees of the St. Tammany Parish Fire Protection District No. 12 are members of the Louisiana Firefighters Retirement System (System), a multiple-employer (non-sharing), public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of fire districts and their staff, which is administered and controlled by a separate board of trustees. Contributions of participating fire districts are pooled with the System to fund assumed benefits, with employer/employee contribution rates approved by the Louisiana Legislature.

The payroll for employees of all participating fire districts in the System was \$72,883,349 for the year ended June 30, 1997; the District's total payroll was \$377,824 and \$438,583 for the years ended December 31, 1997 and 1996, respectively. Payroll covered by the System was \$378,489 and \$389,648 for the years ended December 31, 1997 and 1996, respectively.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not meet an ordinance prior to January 1, 1988, exempting itself from participation in the System. Employees are eligible to retire at or after age 50 with at least 12 years of creditable service or at or after age 55 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 per cent 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 and do not withdraw their employee contributions may retire at or after age 50 (or at or after age 55 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.

In addition to certain dedicated taxes that are levied in the System, (which constitute major funding of the System), covered employees are required by state statute to contribute 8.00% of their annual covered salary to which the District adds a 8.00% contribution as an employer's match. The contributions for the years ended December 31, 1997 and 1996 were \$49,349 and \$41,346, respectively. The actuarially required contributions for three years, using the System's actuarial fund method (Process Withheld Age Normal Cost Method), the actuary's recommended contribution rate of 23.40% from all sources (employees, employers, and dedicated taxes), and based on covered payroll, was \$15,341,851. The actuarially required contribution has not been allocated to employees, employers, or to dedicated taxes, but will be determined by future actions of the Louisiana Legislature. The District's actuarially determined contribution represents 7% of the total contribution required of all participating employees.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE H - PENSION PLAN (continued)

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERB and employers. The System does not make separate measurements of assets and pension benefit obligations for individual participating fire districts. The pension benefit obligation at June 30, 1997 for the System as a whole, determined through an actuarial valuation performed as of that date was \$456,225,344. The System's net assets available for benefits on that date (valued at market) were \$396,648,913, leaving an unfunded pension benefit obligation of \$59,576,431.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1997 comprehensive annual financial report (a separate report). The District does not guarantee the benefits granted by the System.

NOTE I - DEFERRED COMPENSATION PLAN

The District offers its employees a defined compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all employees permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. Annual contributions to the plan may not exceed the lower of 20% of participating employee's gross salary or \$1,500. Salaries of employees participating in this plan for the years ended December 31, 1997 and 1996 totaled \$77,679 and \$92,368, respectively. The plan requires that the minimum contribution be equal to the current employee withholding rate for social security. The employer's contributions were \$7,113 and \$6,838 and the employees' contributions were \$4,600 and \$8,217 for the years ended December 31, 1997 and 1996, respectively. Employee contributions are made as a non-taxable payroll deduction. The District has elected to contribute an additional amount to the plan as an extra benefit to participating employees.

All amounts of the compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred amount for each participant.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE L – DEFERRED COMPENSATION PLAN (continued)

It is the opinion of the District's legal counsel that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Accordingly, the plan assets and related liabilities have not been included herein.

Investments are managed by the plan's administrator (Deferred Compensation Plan). The choice of the investment option(s) are made by the plan participants.

NOTE M – CONTINGENT LIABILITIES

From time to time, the District is involved as a defendant in actual or threatened litigation, which is not covered by insurance. As December 31, 1993, there were no pending or threatened claims which, in the opinion of the District's legal advisors, would have a material adverse effect on the financial statements should such claims be settled in favor of the plaintiff.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
SUPPLEMENTAL INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 1997

COMPENSATION PAID TO BOARD OF COMMISSIONERS

As shown on the attached schedule, compensation paid to the board of commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1997 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:405(3), the commissioners receive \$10 dollars for each board meeting attended, up to two meetings per month.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
 SCHEDULE OF COMPENSATION PAID TO BOARD OF COMMISSIONERS
 FOR THE YEAR ENDED DECEMBER 31, 1997

<u>Commissioner</u>	<u>Number</u>	<u>Amount</u>
Vincent Liotta	14	\$ 428
Tasso Taylor	13	368
Willard Mathews	8	248
Larry Thompson	12	368
Ken Ruppold	7	218
Stewart Leonard *	2	60
		\$1,680

*Resigned during 1997

OTHER INDEPENDENT AUDITORS' REPORTS

Skarda & Silva, L.L.P.

Certified Public Accountants

4314 Bienville Street

Mandeville, LA 70471

Steven A. Skarda, C.P.A.

Fern A. Silva, C.P.A.

(504) 826-9299, Main

(504) 826-9767, Fax

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

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 12
Covington, Louisiana

We have audited the general purpose financial statements of the St. Tammany Parish Fire Protection District No. 12 as of and for the two years ended December 31, 1997 and 1996, and have issued our report thereon dated November 23, 1998. In our report, our opinion was qualified because a statement of revenues, expenditures, and changes in fund balances-budget and actual for the special revenue fund was not included in the general purpose financial statements. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 12's general purpose financial statements are free of material misstatement, we 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 compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests also reveal instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of noncompliance with laws and regulations. We also noted certain immaterial instances of noncompliance that we have reported to the management of St. Tammany Parish Fire Protection District No. 12 in a separate letter dated November 23, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Fire Protection District No. 12's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect St. Tammany Parish Fire Protection District No. 12's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of reportable conditions.

A material weakness is a condition in which the design or operation of one or more of the internal control components 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the St. Tammany Parish Fire Protection District No. 12 management and the Legislative Auditor of the State of Louisiana, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Board of Commissioners of the St. Tammany Parish Fire Protection District No. 12, is a matter of public record.



November 23, 1998

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

SCHEDULE OF REPORTABLE CONDITIONS

FOR THE TWO YEARS ENDED DECEMBER 31, 1997

BUDGET

Comment

The District has not established a system for preparing and legally adopting an annual budget for the special revenue fund. The preparation and legal adoption of an annual budget are required by state law and generally accepted accounting principles.

Budgets are an important internal and external planning tool for the financial planning, control, and evaluation processes of governments. Since government entities are considered to be of a public nature, parties outside as well as inside of governments participate in the development of the annual operating budgets.

Recommendation

Procedures should be established to prepare and legally adopt an annual budget for the special revenue fund.

Response

The management of the St. Tammany Parish Fire Protection District No. 12 has been made aware of the Local Government Budget Act, L.S.A.-R.S. 39:1301-1314 and generally accepted accounting principles requiring the preparation and legal adoption of an annual budget of the general fund and all special revenue funds. The management of the St. Tammany Parish Fire Protection District No. 12 has engaged Skarba & Silva, L.L.P., CPAs to assist in the preparation and legal adoption of the annual budget of the special revenue fund.

ACCOUNTING AND FINANCIAL REPORTING

Context

The size of the St. Tammany Parish Fire Protection District No. 12's operations and the limited experience in governmental accounting and reporting of the staff preclude them from properly establishing and maintaining the funds required. The bond indenture agreements require that a separate bank account be established, for each series of certificates of indebtedness, to maintain the activity of the millage levied. Neither a special revenue fund nor a debt service fund was established by the District's management to account for the certificates of indebtedness and to account for the use of the proceeds. All activity of the District for the two years ended December 31, 1997 and 1998 was accounted for through the general fund.

Recommendation

We recommend that the Board of Commissioners of the District legally adopt the appropriate funds required to account for the special revenue and the debt service of the certificates of indebtedness.

Rationale

The management of the St. Tammany Parish Fire Protection District No. 12 will establish and legally adopt the appropriate funds required to account for special revenue and the debt service of the District to comply with the bond indenture agreement and the laws and regulations of the State of Louisiana.

Context

The size of the St. Tammany Parish Fire Protection District No. 12's operations and the limited experience in governmental accounting and reporting of the staff preclude them from properly analyzing and notifying the Board of Commissioners when actual revenues fall to more or budgeted revenues by 5% or more, or when actual expenditures exceed budgeted expenditures by 5% or more. Furthermore, the budget should be amended upon notification.

Recommendation

We recommend that the management of the District establish a policy that the Board of Commissioners is to be notified in writing during the year when actual revenues fall to more or budgeted revenues by 5% or more, or when actual expenditures exceed budgeted expenditures by 5% or more.

Rationale

The management of the St. Tammany Parish Fire Protection District No. 12 will establish a policy to ensure proper notification to Board of Commissioners of the unfavorable budget variances.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
SCHEDULE OF NONCOMPLIANCE WITH LAWS AND REGULATIONS
FOR THE TWO YEARS ENDED DECEMBER 31, 1997

BUDGET

Findings

The Local Government Budgeting Act LSA-R.S. 39:1310 requires the Comptroller (or his/her equivalent) to notify the Board of Commissioners in writing during the year where actual revenues fall to meet budgeted revenues by 5% or more, or where actual expenditures exceed budgeted expenditures by 5% or more. Furthermore, LSA-R.S. 39:1309 requires the Board of Commissioners to amend the budget upon being notified.

It does not appear the District complied with these requirements. There are several instances of revenues falling to meet budget by 5% or more, and expenditures exceeding budget by 5% or more, with no evidence of notification.

Response

The St. Tammany Parish Fire Protection District No. 12 will abide by the Local Government Budgeting Act LSA-R.S. 39:1309-1310.

Findings

The Local Government Budget Act LSA-R.S. 39:1301-1314 requires that the management of the St. Tammany Parish Fire Protection District No. 12 prepare, adopt, and amend budgets for the general fund and each special revenue fund in accordance with procedures prescribed therein. Because of the District's failure to establish and adopt a special revenue fund as required by the local instrument agreement, as well as, prepare and adopt a required budget for the special revenue fund, the accompanying financial statements do not include a comparison for actual revenues and expenditures to budget.

Response

The management of the St. Tammany Parish Fire Protection District No. 12 will abide by the Local Government Budget Act LSA-R.S. 39:1301-1314 in the future.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

Findings

The Local Government Accounting, Auditing, and Financial Reporting Act LSA-R.S. 24:113 (A) (2)-(b) requires that all audits shall be completed within six months of the close of the entity's fiscal year. Because of the change in accountant and auditor late in the engagement process and that the predecessor auditor delayed in providing sufficient information, Skanda & Iken, L.L.P., CPAs was unable to commence the audit prior to September 1998 and, therefore, not able to complete the audit within the six months, as required.

Reasons

There were circumstances outside the District's control that occurred which precluded the St. Tammany Parish Fire Protection District No. 12 from providing the information to the auditors in a timely manner. The predecessor auditor, who was also the predecessor accountant, did not provide the information necessary for the successor accountant to complete the accounting for the fiscal year ended December 31, 1997. This delayed the successor auditor in commencing the audit for the two years ended December 31, 1998. Also, there was additional required information that was not provided to the successor auditor that further delayed the audit even after completion of the accounting.

The St. Tammany Parish Fire Protection District No. 12 will comply with LSA-R.S. 24:513 (A) (2) (a) in the future.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1997

THERE WERE NO PRIOR AUDIT FINDINGS FOR
THE TWO YEARS ENDED DECEMBER 31, 1995