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ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
COMPONENT UNIT FINANCIAL STATEMENTS
DECEMBER 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 17 2000

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Skarda & Silva, L.L.P.

Certified Public Accountants

4331 Iberville Street

Mandeville, LA 70471

Steven A. Skarda, C.P.A.

Brent A. Silva, C.P.A.

(504) 626-8299, Main

(504) 626-9767, Fax

INDEPENDENT AUDITORS' REPORT

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

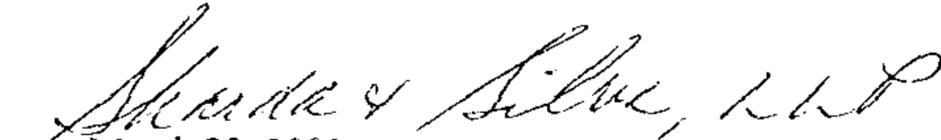
We have audited the accompanying component unit financial statements of the St. Tammany Parish Fire Protection District No. 12 as of December 31, 1999 and for the two years then ended as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those 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.

In our opinion, 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, 1999, 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 March 22, 2000 on our considerations 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, 1999, 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.


March 22, 2000

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
COMBINED BALANCE SHEET-
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	Governmental	Account Groups		Total (Memorandum Only)
	Fund Type	General	General Long-Term Obligations	
ASSETS AND OTHER DEBITS	General	Fixed Assets		
Cash and cash equivalents	\$ 5,755	\$ -	\$ -	\$ 5,755
Receivables:				
Ad valorem taxes, net of allowance for uncollectible taxes of \$56,938	1,355,744	-	-	1,355,744
State revenue sharing	41,244	-	-	41,244
Deposits	1,100	-	-	1,100
Land, buildings, equipment and vehicles	-	2,056,527	-	2,056,527
Amount to be provided for retirement of general long-term obligations	-	-	564,000	564,000
Amount to be provided for compensated absences	-	-	50,287	50,287
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 1,403,843</u>	<u>\$ 2,056,527</u>	<u>\$ 614,287</u>	<u>\$ 4,074,657</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities				
Deductions from ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	40,384	-	-	40,384
Estimated liabilities for compensated absences	-	-	50,287	50,287
General obligation bonds	-	-	564,000	564,000
Total liabilities	40,384	-	614,287	654,671
Fund Equity				
Investment in general fixed assets				
Donated	-	130,000	-	130,000
General	-	1,926,527	-	1,926,527
Fund balance				
Reserve for depreciation and contingency fund	85,000	-	-	85,000
Undesignated	1,278,459	-	-	1,278,459
Total fund equity	1,363,459	2,056,527	-	3,419,986
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 1,403,843</u>	<u>\$ 2,056,527</u>	<u>\$ 614,287</u>	<u>\$ 4,074,657</u>

The accompanying notes are an integral part of this statement.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
REVENUES		
Ad valorem taxes	\$ 1,419,424	\$ 1,299,250
State revenue sharing	41,661	59,682
2% fire insurance tax	23,484	20,803
Interest income	15,705	11,787
Other income	-	63,184
	<u>1,500,274</u>	<u>1,454,706</u>
EXPENDITURES		
Accounting	31,504	2,020
Advertising	582	5,095
Assessor deduction	-	762
Capital outlays	100,427	165,854
Dues and subscriptions	-	4,822
Education	11,214	-
Election expense	-	-
Employee benefits	10,909	51,058
Fire prevention	901	-
Fuel and oil	14,146	10,644
Insurance	133,434	79,674
Interest	18,853	29,239
Lease	20,016	12,777
Legal and professional	45,623	45,707
Meetings	2,490	1,647
Mileage reimbursement	431	54
Miscellaneous	370	4,467
Office expenditures	17,544	22,927
Operating supplies	32,255	39,762
Outside services	-	-
Payroll taxes	11,958	14,732
Penalties	4,711	-
Postage	480	4,542
Rent	14,800	19,895
Repairs and maintenance	43,053	33,166
Salaries and wages	699,353	711,613
State pension deduction	94,007	38,266
Telephone and communications	52,689	58,703
Training and seminars	24,154	17,607
Travel	667	700
Uniforms	10,822	11,904
Utilities	22,546	26,919
Workers compensation	12,590	34,440
	<u>1,432,529</u>	<u>1,448,996</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	67,745	5,710

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GENERAL FUND
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
OTHER FINANCING SOURCES		
Proceeds from long-term obligations	-	-
Excess (deficiency) of revenues over expenditures and other sources	67,745	5,710
Fund balance-beginning of year	1,295,714	1,290,004
Fund balance-end of year	\$ 1,363,459	\$ 1,295,714

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE-BUDGET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Ad valorem taxes	\$ 1,200,000	\$ 1,419,424	\$ 219,424	\$ 1,100,000	\$ 1,299,250	\$ 199,250
State revenue sharing	60,000	41,661	(18,339)	50,000	59,682	9,682
2% fire insurance tax	22,300	23,484	1,184	17,000	20,803	3,803
Interest income	5,200	15,705	10,505	20,000	11,787	(8,213)
Other income	-	-	-	30,000	63,184	33,184
	<u>1,287,500</u>	<u>1,500,274</u>	<u>212,774</u>	<u>1,217,000</u>	<u>1,454,706</u>	<u>237,706</u>
EXPENDITURES						
Accounting	-	31,504	(31,504)	-	2,020	(2,020)
Advertising	-	582	(582)	-	5,095	(5,095)
Assessor deduction	-	-	-	-	762	(762)
Capital outlays	104,000	100,427	3,573	53,000	165,854	(112,854)
Debt service	-	-	-	60,000	-	60,000
Dues and subscriptions	-	-	-	-	4,822	(4,822)
Education	10,750	11,214	(464)	-	-	-
Election expense	-	-	-	10,000	-	10,000
Employee benefits	9,800	10,909	(1,109)	83,723	51,058	32,665
Fire prevention	-	901	(901)	-	-	-
Fuel and oil	13,000	14,146	(1,146)	15,000	10,644	4,356
Insurance	130,000	133,434	(3,434)	83,500	79,674	3,826
Interest	-	18,853	(18,853)	-	29,239	(29,239)
Lease	20,000	20,016	(16)	5,000	12,777	(7,777)
Legal and professional	63,000	45,623	17,377	40,000	45,707	(5,707)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Meetings	2,600	2,490	110	2,500	1,647	853
Mileage reimbursement	450	431	19	1,000	54	946
Miscellaneous	-	370	(370)	-	4,467	(4,467)
Office expenditures	16,250	17,544	(1,294)	-	22,927	(22,927)
Operating supplies	14,750	32,255	(17,505)	12,000	39,762	(27,762)
Outside services	-	-	-	3,300	-	3,300
Payroll taxes	23,000	11,958	11,042	8,500	14,732	(6,232)
Penalties	-	4,711	(4,711)	-	-	-
Postage	500	480	20	500	4,542	(4,042)
Rent	14,800	14,800	-	13,000	19,895	(6,895)
Repairs and maintenance	37,520	43,053	(5,533)	15,000	33,166	(18,166)
Salaries and wages	673,000	699,353	(26,353)	633,359	711,613	(78,254)
State pension deduction	53,250	94,007	(40,757)	-	38,266	(38,266)
Telephone and communications	47,000	52,689	(5,689)	15,000	58,703	(43,703)
Training and seminars	24,500	24,154	346	15,000	17,607	(2,607)
Travel	580	667	(87)	1,000	700	300
Uniforms	6,750	10,822	(4,072)	8,000	11,904	(3,904)
Utilities	22,000	22,546	(546)	16,000	26,919	(10,919)
Workers compensation	-	12,590	(12,590)	45,000	34,440	10,560
	<u>1,287,500</u>	<u>1,432,529</u>	<u>(145,029)</u>	<u>1,139,382</u>	<u>1,448,996</u>	<u>(309,620)</u>
Excess (deficiency) of revenues over expenditures	-	67,745	67,745	77,618	5,710	(71,914)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE-BUDGET AND ACTUAL
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999		1998		Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
OTHER FINANCING SOURCES					
Proceeds from long term obligations	-	-	-	-	-
Excess (deficiency) of revenues over expenditures and other sources	-	67,745	77,618	5,710	(71,914)
Fund balance-beginning of year	1,295,714	1,295,714	1,290,004	1,290,004	-
Fund balance-end of year	<u>\$ 1,295,714</u>	<u>\$ 1,363,459</u>	<u>\$ 1,367,622</u>	<u>\$ 1,295,714</u>	<u>\$ (71,914)</u>

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. 706 in April 1977. 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 40:1496. 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 objective.

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 issue 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 includes:

- a) Appointing a voting majority of an organization's governing body, and the ability of the police jury to impose its will on that organization and/or the potential for the 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 fiscally dependent on the police jury.
- c) Organizations for which the reporting entity's financial statements would be misleading if data 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 not 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 funds and account groups to report on its financial position and the result 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, on the other hand, 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 expendable 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 expendable 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 expected 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. 12

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. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to 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.

Budget and 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 indenture 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.

Encumbrances

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 appropriation, 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. 39:1271, 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. 12

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

General fixed assets are not capitalized in 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 where 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, 1999. 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 1999 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 96% of the tax levy. At December 31, 1999 the amount of uncollectible receivables was \$56,938.

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 normally 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.

Pension Plan, 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.

Fund Equity

Designations represent those portions of fund equity that have been segregated to indicate tentative 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 presented 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 14, 1998 and December 13, 1997.

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 \$5,755 and the bank balance was \$5,705. The bank balance is categorized as follows:

Amount insured by the FDIC, or collateralized with securities held by the District's agent in the District's name	\$ 5,705
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)	
Total bank balance	<u>\$ 5,705</u>

NOTE D - RECEIVABLES

Receivables at December 31, 1999, were comprised of the following:

Ad valorem taxes	\$1,355,744
State revenue sharing	<u>41,244</u>
	<u>\$1,396,988</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE E -- AD VALOREM TAXES

The District was authorized to levy a special ad valorem tax of 10.21 mills on October 24, 1987, commencing in 1988 and ending in the year 1997. 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, 1993, the District was authorized to levy an additional special ad valorem tax of ten (10) mills, commencing in 1994 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 F -- CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>12/31/97</u>	1998 Additions (Deletions)	1999 Additions (Deletions)	Balance <u>12/31/99</u>
Land	\$ 166,990	\$ -	\$ -	\$ 166,990
Buildings and improvements	735,008	-	-	735,008
Equipment and furniture	561,751	165,854	73,416	801,021
Vehicles	<u>326,496</u>	<u>-</u>	<u>27,012</u>	<u>353,508</u>
	<u>\$1,790,245</u>	<u>\$ 165,854</u>	<u>\$ 100,428</u>	<u>\$2,056,527</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE G -- DONATED FIXED ASSETS

Donated fixed assets consist of the Highway 25 and Northpark properties, valued at \$55,000 and \$75,000, 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 pro-rata share of the fire insurance tax collected by the State of Louisiana. The amounts received by the District are based on the population of the areas that it serves. In accordance with the revised statutes, such funds shall be used only for the purpose of "rendering more efficient and efficacious" fire protection as the District shall direct.

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 2003 and from 1996 through 2005. In conjunction with the authorization the District issued its certificates of indebtedness to a bank in the original amounts of \$350,000 and \$317,500, respectively. During 1998, the District refinanced the certificates of indebtedness into one series of certificates of indebtedness, Series 1998. These certificates maintained the purpose of the original certificates of indebtedness which was for the 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 1998

These certificates have a maturity of ten (10) years beginning in 1999, and bear interest at rates varying from 4.1% to 5.2%. 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 \$149,218 are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2000	\$ 79,252
2001	79,542
2002	79,145
2003	79,074
2004	79,301
2005	79,294
2006	79,076
2007	79,108
2008	<u>79,426</u>
	<u>\$713,218</u>

There are a number of limitations and restrictions contained in the certificates of indebtedness agreement. As of December 31, 1999, the District was in compliance with the covenants of the certificates of indebtedness agreement.

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

	<u>Balance 12/31/97</u>	1998 <u>Additions (Reductions)</u>	1999 <u>Additions (Reductions)</u>	<u>Balance 12/31/99</u>
Certificates of indebtedness	\$ 632,500	\$ 2,500	\$ (71,000)	\$ 564,000
Compensated absences	<u>23,373</u>	<u>2,582</u>	<u>24,332</u>	<u>50,287</u>
	<u>\$ 655,873</u>	<u>\$ 5,082</u>	<u>\$ (46,668)</u>	<u>\$ 614,287</u>

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE J -- 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 (cost-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 accrued benefits, with employer/employee contribution rates approved by the Louisiana Legislature.*

The payroll for employees of all participating fire districts in the System was \$92,758,784 for the year ended June 30, 1999; the District's total payroll was \$699,353 and \$711,613 for the years ended December 31, 1999 and 1998, respectively. Payroll covered by the System was \$692,360 and \$705,020 for the years ended December 31, 1999 and 1998, 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 enact an ordinance prior to 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 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 55 (or at or after age 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.

In addition to certain dedicated taxes that are remitted to 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 9.00% contribution as an employer's match. The contributions for the years ended December 31, 1999 and 1998 were \$51,818 and \$17,662, respectively. The actuarially required contributions for those years, using the System's actuarial fund method (Frozen Attained Age Normal Cost Method), the actuary's recommended contribution rate of 20.86% from all sources (employees, employers, and dedicated taxes), and based on covered payroll, was \$28,223,916. 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 1% of the total contribution required of all participating employers.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE J - 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 PERS 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, 1999 for the System as a whole, determined through an actuarial valuation performed as of that date was \$696,188,820. The System's net assets available for benefits on that date (valued at market) were \$621,030,022, leaving an unfunded pension benefit obligation of \$75,158,798.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1999 comprehensive annual financial report (a separate report). The District does not guarantee the benefits granted by the System.

NOTE K - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred 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 lesser of 25% of participating employee's gross salary or \$7,500. Salaries of employees participating in this plan for the years ended December 31, 1999 and 1998 totaled \$0 and \$15,643, respectively. The plan requires that the minimum contribution be equal to the current employee withholding rate for social security. The employer's contributions were \$908 and \$0 and the employees' contributions were \$712 and \$1,564 for the years ended December 31, 1999 and 1998, 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 account for each participant.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12

NOTES TO FINANCIAL STATEMENTS

NOTE K -- 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 L -- CONTINGENT LIABILITIES

From time to time, the District is involved as a defendant in actual or threatened litigation, which is not covered by insurance. At December 31, 1999, there were no pending or threatened claims which, in the opinion of the District's legal advisors, would have a material adverse affect on the financial statements should such claims be settled in favor of the plaintiffs.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 12
SUPPLEMENTAL INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 1998

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 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:405(G), the commissioners receive \$30 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, 1999

<u>Commissioners</u>	<u>Number</u>	<u>Amount</u>
Glenn DeGruy	10	\$ 300
Tasso Taylor	11	330
Mike Strain	12	360
Larry Thompson	14	420
Jim Rappold	15	450
Sonny Schwing	1	<u>30</u>
		<u>\$1,890</u>

OTHER INDEPENDENT AUDITORS' REPORTS

**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, State of Louisiana, as of and for the two years ended December 31, 1999 and 1998, and have issued our report thereon dated March 22, 2000. 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, State of Louisiana'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 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Fire Protection District No. 12, State of Louisiana'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. Our 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 internal control components does not reduce to a 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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.


March 22, 2000

St. Tammany Parish Fire Protection District #12
 Summary Schedule of Prior Audit Findings
 For the Year Ended December 31, 1999

Ref.No.	Fiscal Year Finding Initially Occurred	Description	Corrective Action Taken		Planned Corrective Action/Partial Corrective Action Taken		Additional Explanation
			(Yes, No, Partially)	Corrective Action Taken	Corrective Action Taken	Corrective Action Taken	
1	12/31/97	Preparing and legally adopting an annual budget	Yes	n/a	n/a	n/a	
2	12/31/97	Segregated bank accounts opened for certificates of indebtedness	Yes	n/a	n/a	n/a	
3	12/31/97	Legally adopting special revenue and debt service funds	Yes	n/a	n/a	n/a	
4	12/31/97	Written notice forwarded to Board of Commissioners regarding budget variances	Yes	n/a	n/a	n/a	
5	12/31/97	Timely completion of audit	Yes	n/a	n/a	n/a	