

**ST. TAMMANY PARISH  
FIRE PROTECTION DISTRICT NO. 9**

Audit of Financial Statements

December 31, 2012

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## Independent Auditor's Report

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 9  
Bush, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 9 ("the District"), a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013, on our consideration of St. Tammany Parish Fire Protection District No. 9's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



A Professional Accounting Corporation

Covington, LA  
May 31, 2013

**BASIC FINANCIAL STATEMENTS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9**  
**Statement of Net Position**  
**December 31, 2012**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 21,616
Receivables - Ad Valorem Taxes, Net	640,579
Receivables - FEMA Grant	22,529
Receivables - State Revenue Sharing	19,028
Capital Assets, Net of Accumulated Depreciation	<u>866,411</u>
<b>Total Assets</b>	<u>1,570,163</u>
<b>Liabilities</b>	
Accounts Payable	5,380
Accrued Expenses	24,857
Accrued Interest Payable	532
Certificates of Indebtedness	
Due Within One Year	15,000
Due in More than One Year	<u>46,000</u>
<b>Total Liabilities</b>	<u>91,769</u>
<b>Net Position</b>	
Net Investment in Capital Assets	805,411
Restricted - Debt Service	12,321
Unrestricted	<u>660,662</u>
<b>Total Net Position</b>	<u><u>\$ 1,478,394</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9**  
**Statement of Activities**  
**For the Year Ended December 31, 2012**

<b>Function/Program</b>	<b>Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Net (Expense) Revenue and Changes in Net Position</b>
<b>Governmental Activities</b>			
Public Safety - Fire Protection	\$ 814,826	\$ 45,249	\$ (769,577)
Interest on Long-Term Debt	1,642	-	(1,642)
<b>Total</b>	<b>\$ 816,468</b>	<b>\$ 45,249</b>	<b>(771,219)</b>
<b>General Revenues</b>			
Ad Valorem Taxes			657,906
Intergovernmental Revenues			
State Revenue Sharing			28,514
Fire Insurance Premium Tax			16,745
Miscellaneous			21,927
Interest			354
<b>Total General Revenues</b>			<b>725,446</b>
<b>Change in Net Position</b>			<b>(45,773)</b>
<b>Net Position, Beginning of Year</b>			<b>1,524,167</b>
<b>Net Position, End of Year</b>			<b>\$ 1,478,394</b>

The accompanying notes are an integral part of these financial statements.

**FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUNDS**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	General Fund	Debt Service	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 21,076	\$ 540	\$ 21,616
Receivables - Ad Valorem Taxes, Net	640,579	-	640,579
Receivables - FEMA Grant	22,529	-	22,529
Receivables - State Revenue Sharing	19,028	-	19,028
Due from Other Funds	-	11,781	11,781
<b>Total Assets</b>	<b>\$ 703,212</b>	<b>\$ 12,321</b>	<b>\$ 715,533</b>
<b>Liabilities</b>			
Accounts Payable	\$ 5,380	\$ -	\$ 5,380
Accrued Expenses	24,857	-	24,857
Due to Other Funds	11,781	-	11,781
<b>Total Liabilities</b>	<b>42,018</b>	<b>-</b>	<b>42,018</b>
<b>Fund Balances</b>			
Restricted for Debt Service	-	12,321	12,321
Unassigned	661,194	-	661,194
<b>Total Fund Balances</b>	<b>661,194</b>	<b>12,321</b>	<b>673,515</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 703,212</b>	<b>\$ 12,321</b>	

Amounts reports for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	866,411
Long-term liabilities, including certificates of indebtedness and capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.	(61,000)
Accrued Interest on long-term liabilities is not reported in the governmental funds.	(532)
<b>Net Position of Governmental Activities</b>	<b>\$ 1,478,394</b>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9**  
**Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Governmental Funds**  
**For the Year Ended December 31, 2012**

	General Fund	Debt Service	Total
<b>Revenues</b>			
Ad Valorem Taxes	\$ 657,906	\$ -	\$ 657,906
Intergovernmental Revenues			
Grant Revenue	29,149	-	29,149
State Revenue Sharing	28,514	-	28,514
Fire Insurance Premium Tax	16,745	-	16,745
Miscellaneous Income	21,927	-	21,927
Interest	354	-	354
<b>Total Revenues</b>	<b>754,595</b>	<b>-</b>	<b>754,595</b>
<b>Expenditures</b>			
Public Safety - Fire Protection			
Salaries and Benefits	556,476	-	556,476
Insurance	46,981	-	46,981
Operations and Repairs	28,365	-	28,365
Equipment and Supplies	21,012	-	21,012
Other	20,906	-	20,906
Utilities	16,637	-	16,637
Professional Fees	16,123	-	16,123
Dispatcher Fees	14,260	-	14,260
Training	4,726	-	4,726
Office Supplies	2,503	-	2,503
Debt Service			
Principal	-	14,000	14,000
Interest	-	1,742	1,742
Capital Outlay	28,300	-	28,300
<b>Total Expenditures</b>	<b>756,289</b>	<b>15,742</b>	<b>772,031</b>
<b>Deficiency of Revenues Over Expenditures Before Other Financing Sources (Uses)</b>	<b>(1,694)</b>	<b>(15,742)</b>	<b>(17,436)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	17,662	17,662
Transfers Out	(17,662)	-	(17,662)
<b>Total Other Financing Sources (Uses)</b>	<b>(17,662)</b>	<b>17,662</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(19,356)</b>	<b>1,920</b>	<b>(17,436)</b>
<b>Fund Balances, Beginning of Year</b>	<b>680,550</b>	<b>10,401</b>	<b>690,951</b>
<b>Fund Balances, End of Year</b>	<b>\$ 661,194</b>	<b>\$ 12,321</b>	<b>\$ 673,515</b>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes**  
**in Fund Balances of the Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2012**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (17,436)</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	(58,537)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) decreases net assets.</p>	16,100
<p>The issuance of long-term debt (e.g., certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	14,000
<p>Change in Accrued Interest Payable</p>	<u>100</u>
<p><b>Change in Net Position of Governmental Activities</b></p>	<u><u>\$ (45,773)</u></u>

The accompanying notes are an integral part of these financial statements.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

##### Reporting Entity

St. Tammany Parish Fire Protection District No. 9 (“the District”) was created by the St. Tammany Parish Police Jury (now known as the St. Tammany Parish Council), as provided by Louisiana Revised Statute (“LRS”) 40:1492. The District was created to acquire, maintain and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control within the District limits. The administration of the District is governed by a Board of Commissioners consisting of five members. Two members are appointed by the St. Tammany Parish Government and two by the governing body of the Village of Sun. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The District operates four fire stations and provides fire protection and emergency medical services to an area covering approximately 82 square miles. Fire protection services are provided by volunteers and approximately nine full-time paid firefighters, and one full-time fire chief.

As the governing authority of St. Tammany Parish (“the Parish”) for financial reporting purposes, the St. Tammany Parish Council (“the Council”) is the financial reporting entity for the Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In accordance with Governmental Accounting Standards Board (“GASB”) Codification Section 2100, the District is a component unit of the Parish because the Council appoints members of the District and, as such, is financially accountable for the District. While the District is an integral part of the Parish reporting entity and should be included within the financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

##### Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63 in June 2011.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### ***Government-Wide Financial Statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for the governmental funds.

##### ***Fund Financial Statements***

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

The District reports the following major governmental funds:

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

The Debt Service Fund accounts for the retirement of the certificate of indebtedness.

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

##### **Budget Policies**

The District adopts an annual budget for the General Fund on the cash basis of accounting. The budget is legally adopted and amended as necessary by the District. All budgeted amounts which are not expended or obligated through contracts lapse at year-end.

##### **Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at market.

##### **Receivables**

All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectibles was \$34,736 for the year ended December 31, 2012, which represents 5% of the total ad valorem tax receivable. This estimate is based on the District's history of collections within this revenue stream.

# ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<b>Description</b>	<b>Estimated Lives</b>
Buildings and Improvements	20 - 40 Years
Equipment	5 - 10 Years
Fire Trucks	15 Years

Total depreciation expense for the year ended December 31, 2012, was \$86,837.

#### Compensated Absences

The District's policy is to allow employees vacation pay based on length of service. Vacation pay is cumulative with any unpaid amounts paid upon separation from the District's service. The District's full-time employees shall be entitled to and given, with full pay, sick leave aggregating no less than fifty-two (52) weeks during a calendar year for any sickness or injury or incapacity not brought about by his own negligence or culpable indiscretion. Sick leave is not cumulative and the employee's right to unused sick leave does not vest.

Unused accumulated sick and vacation leave are paid only upon approval of the Board of Commissioners. As of December 31, 2012, compensated absences were not material; therefore, an accrual was not made.

#### Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the general fund when paid.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Equity Classifications

In accordance with GASB Statement No. 34, as amended by GASB Statement No. 63, net position is classified into three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- a. *Net Investment in Capital Assets* - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, plus deferred outflows of resources, less deferred inflows of resources related to those assets.
- b. *Restricted* - This component of net position consists of assets that have constraints that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
- c. *Unrestricted* - All other net position is reported in this category.

In the governmental fund financial statements, fund balances are classified as follows, in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

- a. *Restricted Fund Balance* - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors, creditors, or contributors.
- b. *Unassigned Fund Balance* - All amounts not included in other spendable classifications.

When both restricted and unassigned resources are available for use, it is the District's policy to use restricted resources first, then unassigned resources as they are needed.

##### Estimates

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

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Recently Issued and Adopted Accounting Pronouncements

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The provisions of this statement are effective for financial periods beginning after December 15, 2011.

During 2012, the District adopted the statement and restated balances previously referred to as net assets to net position. The adoption of this statement in 2012 does not have any impact on the District's financial statements.

##### Recently Issued Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of the statement are effective for periods beginning after December 15, 2012.

Management does not anticipate that the adoption of this statement will have any impact on the District's financial statements.

#### Note 2. Levied Taxes

Ad valorem taxes are levied by the District during the year and billed to taxpayers in November. Taxes are due and payable by December 31<sup>st</sup> of each year and become delinquent thereafter. Unpaid ad valorem taxes attach as an enforceable lien on property as of January 1<sup>st</sup> subsequent to being levied. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when levied, to the extent that they are determined to be currently collectible. The St. Tammany Parish Sheriff bills and collects the property taxes using the assessed value determined by the Tax Assessor of St. Tammany Parish.

#### Note 3. Fire Insurance Premium Tax

The District is eligible and receives a pro-rata share of the fire insurance premium taxes collected by the State of Louisiana in accordance with LRS 22:345. The amounts received by the District are based on the population of the areas it serves. In accordance with this statute, such money shall be used only for the purpose of "rendering more efficient and efficacious" fire protection as the District shall direct.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

#### Note 4. Cash and Cash Equivalents

At December 31, 2012, the carrying value of the District's cash and cash equivalents consisted of:

Demand Deposits	\$ 20,169
Petty Cash	<u>1,447</u>
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 21,616</u></b>

These deposits are stated at cost, which approximates market. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2012, none of the District's bank balance of \$31,389 was exposed to custodial credit risk.

#### Note 5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Asset, Not Being Depreciated</b>				
Land	\$ 106,896	\$ -	\$ -	\$ 106,896
<b>Capital Assets, Being Depreciated</b>				
Buildings and Improvements	604,919		-	604,919
Firefighting Equipment	1,339,783	44,400		1,384,183
<b>Total Capital Assets, Being Depreciated</b>	<u>1,944,702</u>	<u>44,400</u>	<u>-</u>	<u>1,989,102</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(151,860)	(16,890)	-	(168,750)
Firefighting Equipment	(990,890)	(69,947)		(1,060,837)
<b>Total Accumulated Depreciation</b>	<u>(1,142,750)</u>	<u>(86,837)</u>	<u>-</u>	<u>(1,229,587)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>801,952</u>	<u>(42,437)</u>	<u>-</u>	<u>759,515</u>
<b>Total Capital Assets, Net</b>	<u>\$ 908,848</u>	<u>\$ (42,437)</u>	<u>\$ -</u>	<u>\$ 866,411</u>

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

#### Note 6. Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended December 31, 2012:

December 31, 2011	\$ 75,000
Issued	-
Retired	<u>(14,000)</u>
December 31, 2012	<u>\$ 61,000</u>

The following is a description of the District's long-term obligation for the year ended December 21, 2012:

\$75,000 Certificate of Indebtedness dated April 12, 2011, balance due in annual principal installments, starting March 1, 2012, of \$12,000 - \$13,000, plus semi-annual interest payments through March 1, 2016, at 2.5% to 3.25%.	<u>\$ 61,000</u>
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The following is a schedule of future principal debt service requirements:

Year Ending December 31,	Certificate of Indebtedness	
	Principal	Interest
2013	\$ 15,000	\$ 1,407
2014	15,000	1,027
2015	15,000	627
2016	16,000	211
<b>Total</b>	<u>\$ 61,000</u>	<u>\$ 3,272</u>

#### Note 7. Retirement System

All full-time employees are members of the Firefighters' Retirement System. The Firefighters' Retirement System Pension Plan ("the Plan") is a cost sharing, multiple-employer, non-qualified defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:2251 - 2269, effective January 1, 1990. The Plan is not a qualified plan as defined by the Internal Revenue Code, nor is it subject to the Employee Retirement Income Security Act of 1984.

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or employees with 25 years of service at any age are entitled to annual pension benefits equal to 3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Notes to Financial Statements

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#### Note 7. Retirement System (Continued)

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated Plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect an unreduced benefit or any of four options at retirement.

Plan members are required by statute to contribute 10% of their covered compensation and the District is required to contribute at an actuarially determined rate. The rate at December 31, 2012, was 24%. The District's contributions to the Plan were \$93,383, \$88,154, and \$67,139, for the years ended December 31, 2012, 2011, and 2010, respectively.

The Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Firefighters' Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, Louisiana 70804-9095, or by calling (225) 925-4060 or online at [www.lafirefightersret.com](http://www.lafirefightersret.com).

#### Note 8. Litigation and Claims / Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance.

#### Note 9. Compensation Paid to Board Members

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Board of Commissioners of the District for the year ended December 31, 2012, was as follows:

Kim Shepherd, Chairman	\$	-
Lois Rothwell, Treasurer		-
Steve Perrin, Secretary		-
Matthew Dennis		-
John Prendergast		-
		<hr/>
<b>Total</b>	<b>\$</b>	<b>-</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9**  
**Budgetary Comparison Schedule (Budgetary Basis)**  
**General Fund**  
**For the Year Ended December 31, 2012**

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 591,000	\$ 623,014	\$ 623,014	\$ -
Intergovernmental Revenues				
Grant Revenue	6,620	6,620	6,620	-
State Revenue Sharing	27,000	27,651	27,651	-
Fire Insurance Premium Tax	14,000	16,745	16,745	-
Miscellaneous Income	-	22,023	21,927	(96)
Interest	-	326	354	28
<b>Total Revenues</b>	<b>638,620</b>	<b>696,379</b>	<b>696,311</b>	<b>(68)</b>
<b>Expenditures</b>				
Public Safety - Fire Protection				
Salaries and Benefits	528,500	548,686	559,089	(10,403)
Insurance	41,250	46,981	46,981	-
Operations and Repairs	16,000	24,671	28,365	(3,694)
Other	3,150	20,880	20,906	(26)
Equipment and Supplies	24,300	23,410	21,012	2,398
Utilities	17,765	16,500	16,637	(137)
Professional Fees	16,000	16,123	16,123	-
Dispatcher Fees	15,600	14,260	14,260	-
Training	6,000	4,303	4,726	(423)
Office Supplies	2,250	2,089	2,503	(414)
Capital Outlay	-	30,379	28,300	2,079
<b>Total Expenditures</b>	<b>670,815</b>	<b>748,282</b>	<b>758,902</b>	<b>(10,620)</b>
<b>Deficiency of Revenues Over Expenditures Before Other Financing Uses</b>	<b>(32,195)</b>	<b>(51,903)</b>	<b>(62,591)</b>	<b>(10,688)</b>
<b>Other Financing Uses</b>				
Transfers Out	(18,200)	(15,742)	(17,662)	(1,920)
<b>Total Other Financing Uses</b>	<b>(18,200)</b>	<b>(15,742)</b>	<b>(17,662)</b>	<b>(1,920)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (50,395)</b>	<b>\$ (67,645)</b>	<b>(80,253)</b>	<b>\$ (12,608)</b>
<b>Fund Balance, Beginning of Year</b>			<b>89,548</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 9,295</b>	

## ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 9

### Note to Budgetary Comparison Schedule For the Year Ended December 31, 2012

#### Note A. Reconciliation of Budgetary Basis to GAAP Basis

The District maintains its accounting records and prepares and adopts its budget under the cash basis of accounting. Governmental Accounting Standards require the Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund to be reported using the modified accrual basis of accounting. The budgetary comparison schedules are presented using the cash basis, which is the same as the legally adopted budget. A reconciliation to the GAAP basis has been provided below:

	Actual Amounts (Budgetary Basis)	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
<b>Revenues</b>			
Ad Valorem Taxes	\$ 623,014	\$ 34,892	\$ 657,906
Intergovernmental Revenues			
Grant Revenue	6,620	22,529	29,149
State Revenue Sharing	27,651	863	28,514
Fire Insurance Premium Tax	16,745	-	16,745
Miscellaneous Income	21,927	-	21,927
Interest	354	-	354
<b>Total Revenues</b>	<b>696,311</b>	<b>58,284</b>	<b>754,595</b>
<b>Expenditures</b>			
Public Safety - Fire Protection			
Salaries and Benefits	559,089	(2,613)	556,476
Insurance	46,981	-	46,981
Equipment and Supplies	28,365	-	28,365
Professional Fees	20,906	-	20,906
Operations and Repairs	21,012	-	21,012
Utilities	16,637	-	16,637
Dispatcher Fees	16,123	-	16,123
Training	14,260	-	14,260
Other	4,726	-	4,726
Office Supplies	2,503	-	2,503
Capital Outlay	28,300	-	28,300
<b>Total Expenditures</b>	<b>758,902</b>	<b>(2,613)</b>	<b>756,289</b>
<b>Deficiency of Revenues Over Expenditures Before Other Financing Uses</b>	<b>(62,591)</b>	<b>60,897</b>	<b>(1,694)</b>
<b>Other Financing Uses</b>			
Transfers Out	(17,662)	-	(17,662)
<b>Total Other Financing Uses</b>	<b>(17,662)</b>	<b>-</b>	<b>(17,662)</b>
<b>Net Change in Fund Balance</b>	<b>(80,253)</b>	<b>60,897</b>	<b>(19,356)</b>
<b>Fund Balance, Beginning of Year</b>	<b>89,548</b>	<b>591,002</b>	<b>680,550</b>
<b>Fund Balance, End of Year</b>	<b>\$ 9,295</b>	<b>\$ 651,899</b>	<b>\$ 661,194</b>



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

Independent Auditor's Report

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 9  
Bush, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Tammany Parish Fire Protection District No. 9 ("the District") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 31, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 9's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
May 31, 2013