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ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 1
Slidell, Louisiana

Component Unit Financial Statements
and Independent Auditor's Report
As of and for the Year Ended
December 31, 1995

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KEITH J. ROVIRA
CERTIFIED PUBLIC ACCOUNTANT
3331 METAIRIE ROAD
METAIRIE, LOUISIANA 70001-5297
(504) 831-4040

INDEPENDENT AUDITOR'S REPORT

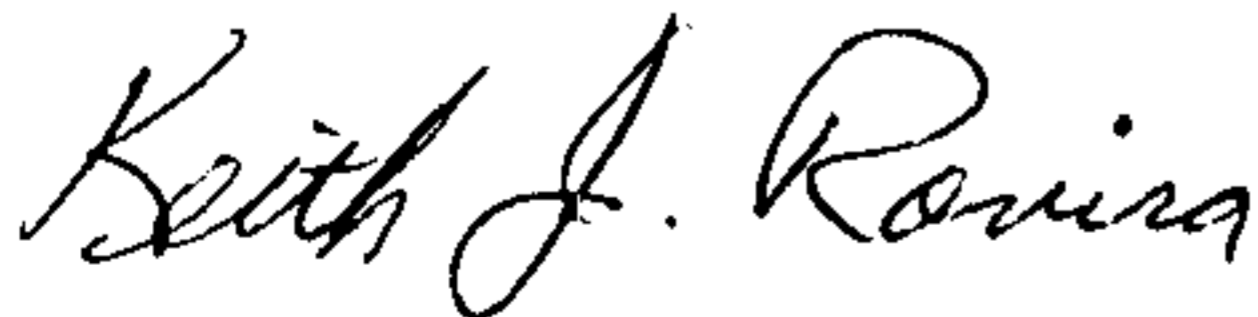
Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
A Component Unit of the St. Tammany Parish Police Jury
Slidell, Louisiana

I have audited the accompanying component unit financial statements of the St. Tammany Parish Fire Protection District No. 1, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1995, as listed in the table of contents. These component unit financial statements are the responsibility of the management of the St. Tammany Parish Fire Protection District No. 1. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Fire Protection District No. 1, as of December 31, 1995, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated May 23, 1996 on my consideration of the St. Tammany Parish Fire Protection District No. 1's internal control structure and a report dated May 23, 1996 on its compliance with laws and regulations. Both reports are presented separately after the notes to the financial statements of this audit report.



Keith J. Rovira
Certified Public Accountant

May 23, 1996

COMPONENT UNIT FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Balance Sheet - All Fund Types and Account Groups
 December 31, 1995

Statement A

	Governmental Fund - <u>General Fund</u>	Account Group - General Fixed <u>Assets</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and cash equivalents (Note C)	\$234,010	-	\$234,010
Investments (Note D)	1,262,127	-	1,262,127
Receivables:			
Ad valorem taxes	4,228,031	-	4,228,031
State revenue sharing	280,083	-	280,083
Accrued interest	28,237	-	28,237
Prepaid insurance	23,890	-	23,890
Land, buildings and equipment (Note E)	<u>-</u>	<u>\$4,158,041</u>	<u>4,158,041</u>
 TOTAL ASSETS	 <u>\$6,056,378</u>	 <u>\$4,158,041</u>	 <u>\$10,214,419</u>
 <u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
Liabilities:			
Pension deduction from ad valorem taxes	\$135,967	-	\$135,967
Payroll deductions payable	<u>22,020</u>	<u>-</u>	<u>22,020</u>
Total Liabilities	<u>157,987</u>	<u>-</u>	<u>157,987</u>
Equity and Other Credits:			
Investment in general fixed assets	-	\$4,158,041	4,158,041
Fund balance:			
Unreserved-undesignated	<u>5,898,391</u>	<u>-</u>	<u>5,898,391</u>
Total Equity and Other Credits	<u>5,898,391</u>	<u>4,158,041</u>	<u>10,056,432</u>
 TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	 <u>\$6,056,378</u>	 <u>\$4,158,041</u>	 <u>\$10,214,419</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Statement of Revenues, Expenditures
 and Changes in Fund Balances
 General Fund
 For the Year Ended December 31, 1995

Statement B

REVENUES

Ad valorem taxes	\$4,440,737
Intergovernmental revenues - state revenue sharing	419,137
Tax on fire insurance premiums	122,984
Interest earnings	163,289
Fire prevention	209
Miscellaneous	<u>30,353</u>
 Total Revenues	 <u>5,176,709</u>

EXPENDITURES

Salaries and related expenditures	3,752,051
Legal and professional services	60,901
Insurance	70,310
Office supplies	28,029
Repairs and maintenance	124,046
Telephone and utilities	53,845
Capital outlay	332,539
Deduction from ad valorem taxes for pension	135,967
Miscellaneous	<u>11,667</u>
 Total Expenditures	 <u>4,569,355</u>
 Excess of Revenues over Expenditures	 607,354
 Fund Balance, Beginning of Year	 <u>5,291,037</u>
 Fund Balance, End of Year	 <u>\$5,898,391</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Statement of Revenues, Expenditures and
 and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 1995

Statement C

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$4,120,000	\$4,440,737	\$320,737
Intergovernmental revenue - state revenue sharing	411,000	419,137	8,137
Tax on fire insurance premiums	105,000	122,984	17,984
Interest earnings	50,000	163,289	113,289
Fire prevention	-	209	209
Miscellaneous	-	30,353	30,353
Total Revenues	<u>4,686,000</u>	<u>5,176,709</u>	<u>490,709</u>
<u>EXPENDITURES</u>			
Salaries	2,921,556	2,921,556	-
Building maintenance	46,000	20,121	25,879
Deductions from ad valorem taxes	133,110	135,967	(2,857)
Ammunition	250	-	250
Dues and subscriptions	1,500	1,331	169
Employee schooling	29,200	20,761	8,439
Equipment maintenance	43,089	44,909	(1,820)
General liability insurance	73,000	70,310	2,690
Worker's compensation insurance	200,000	86,087	113,913
Group health insurance	277,433	273,157	4,276
Legal fees	15,722	15,722	-
Miscellaneous	1,500	-	1,500
Office supplies	19,837	19,837	-
Professional services	45,179	45,179	-
Gas and diesel fuel	29,307	29,307	-
Retirement - employer's contributions	270,020	270,137	(117)
Medicare taxes - employer's portion	25,000	28,759	(3,759)
Payroll taxes	-	5,283	(5,283)

(Continued)

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Statement of Revenues, Expenditures and
 and Changes in Fund Balance - Budget
 (GAAP Basis) and Actual - General Fund
 (Continued)
 For the Year Ended December 31, 1995

Statement C

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>EXPENDITURES (CONTINUED)</u>			
Station supplies	\$12,500	\$7,731	\$4,769
Unemployment taxes	8,909	8,909	-
Telephone	20,000	17,202	2,798
Maintenance contracts	15,353	15,353	-
Uniforms	137,402	137,402	-
Utilities	38,000	32,757	5,243
Training facility - shared expenditures	-	3,886	(3,886)
Contingency fund	23,955	6,860	17,095
Rescue items expenditure	2,000	1,463	537
Hazardous material expenditure	5,162	5,162	-
Volunteers' expenditures	10,000	9,019	981
Fire prevention commissions	2,000	1,050	950
Capital outlay:			
Fire fighting equipment	12,700	24,861	(12,161)
Office equipment and furniture	51,859	48,650	3,210
Apparatus	-	119,009	(119,009)
Vehicles	31,935	28,176	3,759
Communications equipment	37,870	24,754	13,115
Training aids	14,000	8,392	5,608
Construction	-	3,574	(3,574)
Training facility	88,125	36,907	51,218
Rescue equipment	28,527	24,895	3,632
Hazardous material equipment	14,000	13,321	679
Bank charges	-	1,458	(1,458)
Legal claims paid	-	141	(141)
 Total Expenditures	 <u>\$4,686,000</u>	 <u>4,569,355</u>	 <u>116,645</u>
 Excess of Revenues over Expenditures	 <u>-</u>	 <u>607,354</u>	 <u>\$607,354</u>
 Fund Balance, Beginning of Year		 <u>5,291,037</u>	
 Fund Balance, End of Year		 <u>\$5,898,391</u>	

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

INTRODUCTION

The St. Tammany Parish Fire Protection District No. 1 was created by the St. Tammany Parish Police Jury as provided by Louisiana Revised Statute 40:1492. The fire district is responsible for fire protection in the City of Slidell and the immediate surrounding area. The administration of the fire district is governed by a board of commissioners consisting of five members. Two members are appointed by the parish governing authority and two by the governing body of the municipal corporation in the fire district. The fifth member is selected by the other four members and serves as chairman. The members serve terms of two years, without remuneration. Vacancies are filled by the governing bodies making the original appointments. The district operates six fire stations within the district and provides fire protection services in an area covering approximately 120 square miles. In addition to fire protection service, the district also provides fire prevention service to the public.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying component unit financial statements of the St. Tammany Parish Fire Protection District No. 1 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.

2. Reporting Entity

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 (St. Tammany Parish 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. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement 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:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the police jury to impose its will on that organization, and/or
 - b. the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the police jury.
2. Organizations for which the police jury does not appoint a voting majority, but are fiscally dependent on the police jury.
3. 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.

Even though the district operates independently of the police jury, the exclusion from the police jury's financial statements would cause the police jury's financial statements to be misleading or incomplete. Also, the police jury's ability to impose its will on the district is indicated by the ability to remove appointed members of the district's board at will. Because of these reasons, the district is determined to be a component unit of the St. Tammany Parish Police Jury.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fund Accounting

The district uses a fund (General Fund) and an account group (General Fixed Assets Account Group) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions and activities.

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

The General Fund of the district is classified as a governmental fund. The General Fund accounts for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. It is the general operating fund of the fire protection district. It accounts for all financial resources, except those required to be accounted for in other funds.

4. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. Operating statements of this fund present increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund, and it uses the following practices in recording revenues and expenditures:

Revenues --

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest earnings on time deposits are recorded when the time deposits and investments have matured and the interest is available.

Substantially all other revenues are recorded when received.

Expenditures --

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

5. Budgets

The district published the proposed budget for the General Fund in the official journal on November 17, 20 and 24, 1994. It held a public hearing for the proposed budget on December 14, 1994. The budget is prepared and reported on the modified accrual basis of accounting. All appropriations lapse at year end. Formal budget integration within the accounting records is employed as a management control device during the year. Changes or amendments are made upon the approval of the board. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. The district did not amend its originally budgeted total expenditures or total revenues.

The district does not employ encumbrance accounting.

6. Cash and Investments

Cash includes amounts in interest bearing demand deposits. Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, and 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, certificates, or repurchase agreements for these instruments. Investments are stated at cost.

7. Ad Valorem Tax Receivables

The district has budgeted 5% of the revenue from ad valorem tax assessments as uncollectible.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Prepaid Insurance
Payments were made during 1995 for insurance that covered a period of several months beyond December 31, 1995. The portion of the payments applicable to the period after December 31, 1995 was recorded as prepaid insurance because the expenditure was not yet incurred as of that date.
9. Fixed Assets
They are recorded as expenditures at the time purchased, donated, or constructed, and the related assets are capitalized and reported in the general fixed assets account group. Public domain or infrastructures are not capitalized. Construction period interest is immaterial and is not capitalized. No depreciation has been provided on general fixed assets. Fixed assets purchased or constructed are valued at historical cost.
10. Compensated Absences
Employees of the fire protection district are entitled to 18 to 30 days of annual leave each year, depending on their years of service. Sick leave is granted to each regular employee for a period of not more than 52 weeks. The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. Annual and sick leave cannot be carried over; therefore, there are no accumulated leave benefits required to be reported in accordance with GASB Codification Section C60.
11. Long-term Obligations
The district did not have any long-term obligations at the year's end.
12. Total Columns on Financial Statements
The total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1995

NOTE B - LEVIED TAXES

The district authorized and levied a 35-mill ad valorem tax for operations and maintenance for 1995.

NOTE C - CASH AND CASH EQUIVALENTS

At December 31, 1995, the carrying amounts (book balances) of all cash and cash equivalents of the district totaled \$234,010, and are listed as follows:

Cash on hand	\$	100
Interest bearing demand deposits		<u>233,910</u>
Total		<u>\$234,010</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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. 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. At December 31, 1995, the district had \$402,866 in deposits (collected bank balances). These deposits were secured from risk by federal depository insurance totaling \$100,000. The deposits that were secured by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) totaled \$302,866.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1995

NOTE D - INVESTMENTS

At December 31, 1995, the district had investments with a total carrying value, at cost, of \$1,262,126, and a market value of \$1,286,397. The investments are in the name of the custodian bank in its investment division. Because these repurchase agreements are not in the name of the district and are not held by the district or its agent, the investments are considered uninsured and unregistered (GASB Category 3) in applying the credit risk of GASB Codification Section I50.164.

NOTE E - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1995</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>1995</u>
Land	\$253,118	-	-	\$253,118
Buildings	1,223,228	\$3,240	-	1,226,468
Equipment and furniture	<u>2,462,821</u>	<u>229,407</u>	<u>\$13,773</u>	<u>2,678,455</u>
Total	<u>\$3,939,167</u>	<u>\$232,647</u>	<u>\$13,773</u>	<u>\$4,158,041</u>

NOTE F - PENSION PLAN

Plan Description

Substantially all employees of the St. Tammany Parish Fire Protection District No. 1 are members of the Louisiana Firefighters' Retirement System (System), a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE F - PENSION PLANS (CONTINUED)

creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service stated above and do not withdraw their employee contributions may retire at or after age 55 (or at or after 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.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Louisiana Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy

For the year ended December 31, 1995, members of the System are required to contribute 8.0% of their annual covered salary and the district (employer) is required to contribute at an actuarially determined rate. The employer contribution rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The fire district's (employer) contributions to the System for the years ended December 31, 1995, were \$291,001, and this amount equaled the required contribution amount for 1995. Since the fire district transferred all of its firefighters from the Parochial Employees' Retirement System to the Louisiana Firefighters' Retirement System effective for 1995, there were no employer or employee contributions made to this System by the fire district or its employees for the years ended December 31, 1994 and 1993.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE F - PENSION PLANS (CONTINUED)

Plan Description

Four employees of the St. Tammany Parish Fire Protection District No. 1 are members of the Parochial Employees' Retirement System of Louisiana (PERS), a cost-sharing, multiple-employer defined pension benefit plan administered by a separate board of trustees. PERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the district are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in PERS. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only, prior to January 1, 1980, the benefit is equal to one percent of the final-average salary plus \$24 for each year of supplemental plan only service earned prior to January 1, 1980. 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 the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. PERS also provides death and disability benefits. Benefits are established by state statute.

PERS issues an annual publicly available financial report that includes financial statements and required supplementary information for PERS. The report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE F - PENSION PLANS (CONTINUED)

Funding Policy

Under Plan A, members of PERS are required to contribute 9.5% of their annual covered salary and the district is required to contribute at an actuarially determined rate. The employer contribution rate for the year ended December 31, 1995 is 8.0% of annual covered payroll. Contributions to PERS also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The fire district's (employer) contributions to PERS under Plan A for the years ended December 31, 1995, 1994 and 1993, were \$5,706, \$258,210 and \$270,667, respectively, and these amounts equaled the required contributions for each year.

NOTE G - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The district does not provide any postretirement health care and life insurance benefits.

NOTE H - INTERGOVERNMENTAL AGREEMENT

On March 26, 1992, the fire district entered into an intergovernmental agreement with the city of Slidell for the construction, operation and maintenance of a training facility at Camp Villere in Slidell. The facility would be for the benefit of the fire district and the city's police department. The cost-sharing agreement requires the fire district to pay fifty percent of the expenditures and the city of Slidell to pay fifty percent of the expenditures. The "construction" phase of this agreement was completed and paid for in prior years. During 1995, the fire district reimbursed the city of Slidell a total of \$3,886, for the district's share of the expenditures associated with the "operation and maintenance" of the training facility. As of December 31, 1995, the total reimbursements made by the fire district for the facility's operation and maintenance since inception were \$15,573.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1995

NOTE I - LITIGATION

As of December 31, 1995, the district was involved in several lawsuits. However, based on information received from its attorney, the district has made no provision in its financial statements for any liability related to these lawsuits.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

KEITH J. ROVIRA
CERTIFIED PUBLIC ACCOUNTANT
3331 METAIRIE ROAD
METAIRIE, LOUISIANA 70001-5297
(504) 831-4040

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
A Component Unit of the St. Tammany Parish Police Jury
Slidell, Louisiana

I have audited the component unit financial statements of the St. Tammany Parish Fire Protection District No. 1, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 23, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The St. Tammany Parish Fire Protection District No. 1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control structure to future periods is subject to the risk that procedures

may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In planning and performing my audit of the component unit financial statements of the St. Tammany Parish Fire Protection District No. 1, for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. A reportable condition involves a matter coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted that, as a material weakness, the size of the St. Tammany Parish Fire Protection District No. 1's operation and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control, although to employ such controls may not be cost beneficial. This condition was considered in determining the nature, timing and extent of the procedures to be performed in my audit of the financial statements of the St. Tammany Parish Fire Protection District No. 1 for the year ended December 31, 1995.

This report is intended solely for the use of management and the State of Louisiana Legislative Auditor 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 State of Louisiana Legislative Auditor, is a matter of public record.

A handwritten signature in cursive script that reads "Keith J. Rovira". The signature is written in black ink and is positioned above the printed name and title.

Keith J. Rovira
Certified Public Accountant

May 23, 1996

KEITH J. ROVIRA
CERTIFIED PUBLIC ACCOUNTANT
3331 METAIRIE ROAD
METAIRIE, LOUISIANA 70001-5297
(504) 831-4040

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
A Component Unit of the St. Tammany Parish Police Jury
Slidell, Louisiana

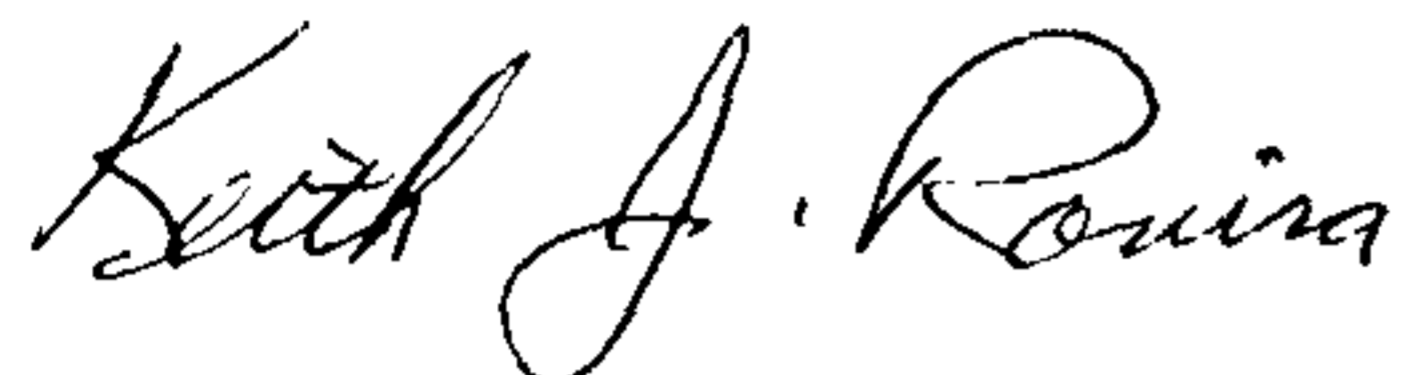
I have audited the component unit financial statements of the St. Tammany Parish Fire Protection District No. 1, a component unit of the St. Tammany Parish Police Jury, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 23, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to the St. Tammany Parish Fire Protection District No. 1 is the responsibility of the St. Tammany Parish Fire Protection District No. 1. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the St. Tammany Parish Fire Protection District No. 1's compliance with certain provisions of laws, regulations and contracts. However, the objective of my audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the use of management and the State of Louisiana Legislative Auditor, 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 State of Louisiana Legislative Auditor, is a matter of public record.

A handwritten signature in cursive script that reads "Keith J. Rovira". The signature is written in black ink and is positioned above the typed name and title.

Keith J. Rovira
Certified Public Accountant

May 23, 1996

KEITH J. ROVIRA
CERTIFIED PUBLIC ACCOUNTANT
3331 METAIRIE ROAD
METAIRIE, LOUISIANA 70001-5287
(504) 831-4040

May 23, 1996

Management Letter

Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
A Component Unit of the St. Tammany Parish Police Jury
Slidell, Louisiana

In planning and performing my audit of the component unit financial statements of the St. Tammany Parish Fire Protection District No. 1 for the year ended December 31, 1995, I considered the St. Tammany Parish Fire Protection District No. 1's internal control structure to determine my auditing procedures for the purpose of expressing an opinion on the component unit financial statements and not to provide assurance on the internal control structure. I also performed tests of the St. Tammany Parish Fire Protection District No. 1's compliance with certain provisions of laws, regulations, and contracts.

During my audit I became aware of the following matter that is an opportunity for strengthening internal controls and operating efficiency:

General Fixed Assets

Records of general fixed assets should include information as to the date of purchase, the cost, the date of all dispositions, if any, the purpose and type of assets being disposed, and the recipient of the asset disposed. These records should be maintained continuously throughout the year.

Also, a separate file with a copy of all fixed asset expenditure invoices and documents supporting the purchase, sale or other acquisition or disposition of all fixed assets, should be maintained continuously throughout the year. A separate form should be designed to document the disposition of any fixed asset. The disposition or removal of any fixed asset from inventory should be approved by the Fire Chief and the Board of Commissioners at a formal public meeting. The Fire Chief should inform the person in charge of inventory of all dispositions of fixed assets. After the items are disposed of, all documentation related to this disposal should be forwarded to the Administrative Assistant, who, at that time, will delete the item(s) from the detailed fixed assets master listing.

Also, the detail fixed assets master listing should be reconciled with the capital outlay expenditure (purchases) line item on the financial statements, and any differences should be explained. This should be done at least quarterly with written documentation and schedules prepared to support all transactions.

Finally, all State laws relating to the purchase and disposition of fixed assets must be adhered to closely.

Separate reports dated May 23, 1996, contain my statements on the internal control structure and on compliance with laws and regulations. This letter does not affect my report dated May 23, 1996, on the component unit financial statements of the St. Tammany Parish Fire Protection District No. 1.

If you wish, we can discuss these matters in further detail at your convenience, to perform any additional study on these matters, or to assist the district in implementing my recommendations.

Very truly yours,



Keith J. Rovira
Certified Public Accountant