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**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 1
Slidell, Louisiana
General Purpose Financial Statements
and Independent Auditor's Report
As of and for the Year Ended
December 31, 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 7-14-99

KEITH J. ROVIRA
Certified Public Accountant

CONTENTS

	<u>Statement</u>	<u>Page No.</u>
Independent Auditor's Report		1
General Purpose Financial Statements:		
Balance Sheet - All Fund Types and Account Groups	A	3
Governmental Fund - General Fund:		
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	C	5
Notes to the Financial Statements		8
Supplemental Information Schedules:		
Summary Schedule of Prior Audit Findings		20
Corrective Action Plan for Current Year Audit Findings		21
Other Report Required by <u>Government Auditing Standards:</u>		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		23

INDEPENDENT AUDITOR'S REPORT

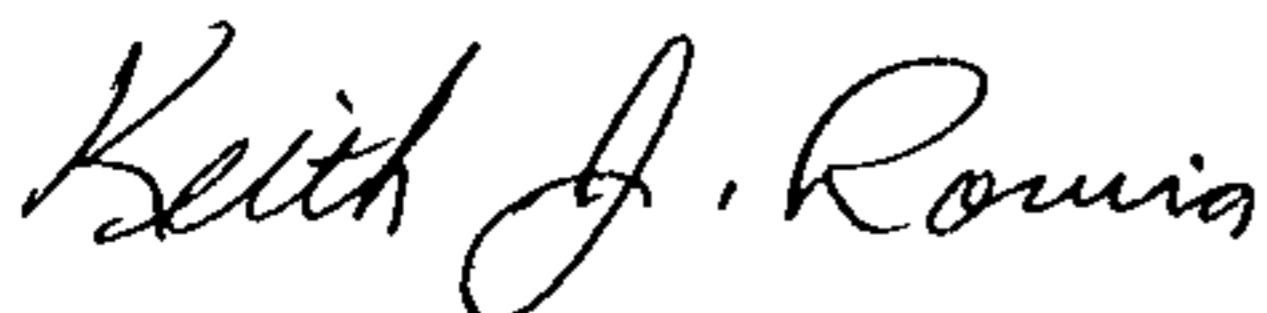
Board of Commissioners
St. Tammany Parish Fire Protection District No. 1
A Component unit of the St. Tammany Parish Police Jury
Slidell, Louisiana

I have audited the accompanying general purpose 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, 1998, as listed in the table of contents. These general purpose 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 general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my 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. 1, as of December 31, 1998, 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 24, 1999, on my consideration of the St. Tammany Parish Fire Protection District No. 1's compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards. This report is presented separately after the notes to the financial statements of this audit report.



Keith J. Rovira
Certified Public Accountant

May 24, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Balance Sheet - All Fund Types and Account Groups
 December 31, 1998

Statement A

	<u>Governmental Fund - General Fund</u>	<u>Account Group - General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash (Note C)	\$271,634	-	\$271,634
Investments (Note D)	2,022,070	-	2,022,070
Receivables:			
Ad valorem taxes	5,214,141	-	5,214,141
State revenue sharing	286,388	-	286,388
Accrued interest	15,641	-	15,641
Prepaid insurance	21,864	-	21,864
Land, buildings and equipment (Note E)	<u>-</u>	<u>\$5,509,960</u>	<u>5,509,960</u>
TOTAL ASSETS	<u>\$7,831,738</u>	<u>\$5,509,960</u>	<u>\$13,341,698</u>
 LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Retirement contributions payable	\$72,945	-	\$72,945
Pension deduction from ad valorem taxes	<u>162,789</u>	<u>-</u>	<u>162,789</u>
Total Liabilities	<u>235,734</u>	<u>-</u>	<u>235,734</u>
 Equity and Other Credits:			
Investment in general fixed assets	-	\$5,509,960	5,509,960
Fund balance:			
Unreserved-undesignated	<u>7,596,004</u>	<u>-</u>	<u>7,596,004</u>
Total Equity and Other Credits	<u>7,596,004</u>	<u>5,509,960</u>	<u>13,105,964</u>
 TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	 <u>\$7,831,738</u>	 <u>\$5,509,960</u>	 <u>\$13,341,698</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, 1998

Statement B

REVENUES

Ad valorem taxes	\$5,366,918
State revenue sharing	429,275
Tax on fire insurance premiums	138,858
Interest earnings	218,816
Miscellaneous	<u>3,151</u>
 Total Revenues	 <u>6,157,018</u>

EXPENDITURES

Salaries and related expenditures	4,725,375
Legal and professional services	94,221
Insurance	66,751
Office supplies	32,933
Repairs and maintenance	230,632
Telephone and utilities	65,785
Capital outlay	342,017
Deduction from ad valorem taxes for pension	162,789
Miscellaneous	<u>18,196</u>
 Total Expenditures	 <u>5,738,699</u>
 Excess of Revenues over Expenditures	 418,319
 Fund Balance, Beginning of Year	 <u>7,177,685</u>
 Fund Balance, End of Year	 <u>\$7,596,004</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, 1998

Statement C

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Ad valorem taxes	\$5,296,398	\$5,366,918	\$70,520
Intergovernmental revenue - state revenue sharing	420,000	429,275	9,275
Tax on fire insurance premiums	130,000	138,858	8,858
Interest earnings	150,000	218,816	68,816
Miscellaneous	<u>-</u>	<u>3,151</u>	<u>3,151</u>
Total Revenues	<u>5,996,398</u>	<u>6,157,018</u>	<u>160,620</u>
 <u>EXPENDITURES</u>			
Salaries	3,760,756	3,757,168	3,588
Building maintenance	64,300	35,230	29,070
Deductions from ad valorem taxes	161,892	162,789	(897)
Dues and subscriptions	3,500	3,570	(70)
Employee schooling	47,600	31,630	15,970
Equipment maintenance	52,825	128,515	(75,690)
General liability insurance	80,000	66,751	13,249
Worker's compensation insurance	136,584	88,921	47,662
Group health insurance	325,000	286,754	38,246
Legal fees	40,000	61,538	(21,538)
Office supplies	20,400	29,363	(8,963)
Professional services	51,700	32,683	19,017
Gas and diesel fuel	25,000	22,282	2,718
Retirement - employer's contributions	370,220	371,950	(1,730)
Medicare taxes - employer's portion	37,088	36,415	673

(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
 For the Year Ended December 31, 1998

Statement C - Continued

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>EXPENDITURES (CONTINUED)</u>			
Station supplies	\$12,100	\$10,446	\$1,654
Unemployment taxes	10,000	-	10,000
Telephone	24,200	27,141	(2,941)
Maintenance contracts	11,500	14,835	(3,335)
Uniforms	152,950	152,537	413
Utilities	38,000	38,644	(644)
Contingency fund	255,203	-	255,203
Rescue items expenditure	19,230	13,138	6,092
Hazardous material expenditure	5,650	6,186	(536)
Volunteers' expenditures	11,150	11,258	(108)
Fire prevention commissions	9,650	5,235	4,415
Capital outlay:			
Fire fighting equipment	23,215	23,980	(765)
Office equipment and furniture	25,700	23,959	1,741
Apparatus	-	80,000	(80,000)
Vehicles	68,000	91,177	(23,177)
Communications equipment	31,200	64,655	(33,455)
Training aids	9,775	8,557	1,218
Land	-	5,000	(5,000)
Training facility	100,000	20,234	79,766
Rescue equipment	10,000	24,090	(14,090)
Hazardous material equipment	2,010	365	1,645
Bank charges	-	1,703	(1,703)
Total Expenditures	<u>\$5,996,398</u>	<u>5,738,699</u>	<u>257,699</u>
Excess of Revenues over Expenditures	<u>-</u>	418,319	<u>\$418,319</u>
Fund Balance, Beginning of Year		<u>7,177,685</u>	
Fund Balance, End of Year		<u>\$7,596,004</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, 1998

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. Vacancies are filled by the governing bodies making the original appointments. Board members serve two-year terms. 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.

Board members serve without compensation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The accompanying general purpose 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, 1998

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, 1998

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 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, 1998

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 23, 1997. A public hearing was held for the proposed budget on December 9 and 10, 1997, and the board adopted the budget on December 16, 1997. 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.

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, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Prepaid Insurance
Payments were made during 1998 for insurance that covered a period of several months beyond December 31, 1998. The portion of the payments applicable to the period after December 31, 1998 was recorded as prepaid insurance because the expenditure was not yet incurred as of that date.
9. Fixed Assets
Fixed assets 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. 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. Encumbrances
The district does not use encumbrance accounting.
13. 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 does 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, 1998

NOTE B - LEVIED TAXES

The district authorized and levied a 35-mill ad valorem tax for operations and maintenance for 1998.

The following are the principal taxpayers of the district (amounts expressed in thousands):

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Central La. Elect. Co.	Utility	\$8,700,700	5.67%
BellSouth Inc.	Telephone	6,907,410	4.50
First NBC	Banking	4,144,080	2.71
Sizeler Northshore Ltd.	Developer	2,580,650	1.68
McKesson Corp.	Pharmaceutical	1,982,600	1.29
Northshore Region. Med.	Health care	1,844,390	1.21
Louisiana Gas Ser. Co.	Utility	1,795,186	1.18
Health Care Prop. Ptrshp.	Health care	1,583,110	1.03
Hibernia National Bank	Financial	1,270,870	.81
Wal-Mart Stores Inc.	Retail store	<u>1,028,520</u>	<u>.67</u>
		<u>\$31,837,516</u>	<u>20.75%</u>

The total assessed valuation for all taxpayers at December 31, 1998 was \$153,432,240. This figure was used in calculating the percentage of the "assessed valuation of each of the ten largest taxpayers" listed above to the "total assessed valuation for all taxpayers."

NOTE C - CASH

At December 31, 1998, the carrying amount (book balance) of all cash of the district totaled \$271,634, and is listed as follows:

Interest bearing demand deposit account	\$271,534
Petty cash	<u>100</u>
Total	<u>\$271,634</u>

These deposits are stated at cost, which approximates market.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1998

NOTE C - CASH (CONTINUED)

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, 1998, the district had \$410,869 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 \$310,869.

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.

NOTE D - INVESTMENTS

At December 31, 1998, the district had investments with a total carrying value at cost of \$2,022,070, and a market value of \$1,999,062. 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
 Slidell, Louisiana
 Notes to the Financial Statements
 December 31, 1998

NOTE E - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, <u>1998</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>1998</u>
Land	\$253,118	\$5,000	-	\$258,118
Buildings	1,376,972	20,234	-	1,397,206
Equipment and furniture	<u>3,552,203</u>	<u>302,433</u>	<u>-</u>	<u>3,854,636</u>
Total	<u>\$5,182,293</u>	<u>\$327,667</u>	<u>-</u>	<u>\$5,509,960</u>

NOTE F - PENSION PLAN

Plan Description - Louisiana Firefighters' Retirement System
 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 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.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1

Slidell, Louisiana

Notes to the Financial Statements

December 31, 1998

NOTE F - PENSION PLANS (CONTINUED)

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, 1998, 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, 1998, 1997 and 1996, were \$359,239, \$314,756 and \$297,178, respectively. These amounts equaled the required contribution amounts for those years.

Plan Description - Parochial Employees' Retirement System

Three 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

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1998

NOTE F - PENSION PLANS (CONTINUED)

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.

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, 1998 is 7.75% 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, 1998, 1997 and 1996, were \$11,260, \$6,996 and \$5,723, respectively, and these amounts equaled the required contributions for each year.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Notes to the Financial Statements
December 31, 1998

NOTE G - 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 is used by the fire district and the city's police department. In 1998, the fire district paid \$20,234 towards the facility's "operation and maintenance".

NOTE H - LITIGATION

As of December 31, 1998, the fire district was involved in several lawsuits. Based on information received from its legal counsel, the district believes that no liability of a material nature has been incurred, nor has an asset of the fire district been materially impaired as a result of these lawsuits. Therefore, no provision should be made in the fire district's financial statements for any liability related to these lawsuits as of December 31, 1998.

SUPPLEMENTAL INFORMATION SCHEDULES

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Supplemental Information Schedules
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1998

Reference No.: 1.

Fiscal Year Finding Initially Occurred: Has existed from inception.

Finding Described: The size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 1
Slidell, Louisiana
Supplemental Information Schedules
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 1998

Reference No.: 1

Fiscal Year Finding Initially Occurred: Has existed from inception.

Finding Described: The size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

Contact Person:
Steve Farris,
Chairman of the Board
Slidell, Louisiana

Anticipated Completion Date: Not applicable.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

KEITH J. ROVIRA
CERTIFIED PUBLIC ACCOUNTANT
3331 METAIRIE ROAD
METAIRIE, LOUISIANA 70001-5297

(504) 831-4040

FAX (504) 831-4042

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF
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 general purpose 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, 1998, and have issued my report thereon dated May 24, 1999. I conducted my 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 a part of obtaining reasonable assurance about whether the St. Tammany Parish Fire Protection District No. 1's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and 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.

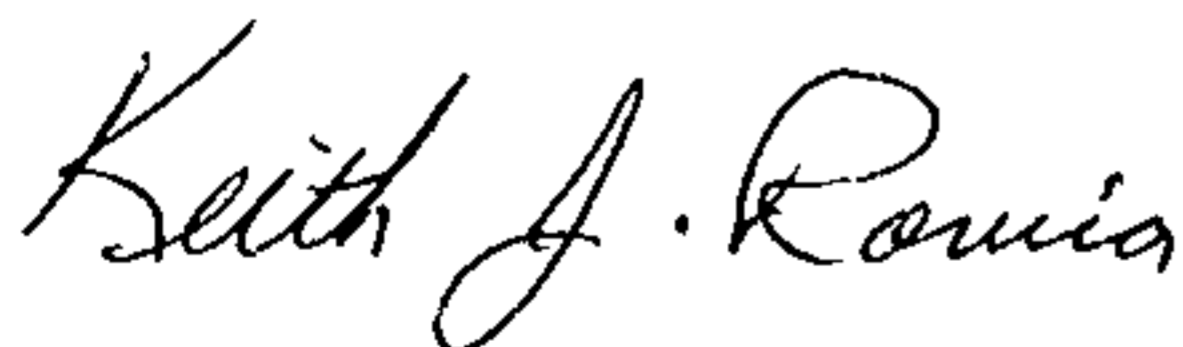
Internal Control Over Financial Reporting

In planning and performing my audit, I considered the St. Tammany Parish Fire Protection District No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose

financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter involving the internal control over financial reporting and its operations that I consider to be reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the board's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. I noted that, as a material weakness, the size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control. Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I considered the reportable condition described above to be a material weakness.

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.



Keith J. Rovira
Certified Public Accountant

May 24, 1999