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**WARD 3 FIRE PROTECTION DISTRICT
A COMPONENT UNIT OF THE JACKSON PARISH POLICE JURY
JACKSON PARISH, LOUISIANA**

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND ACCOUNTANTS' COMPILATION REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1995**

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 7-31-96

KENNETH D. FOLDEN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

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WARD 3 FIRE PROTECTION DISTRICT
A Component Unit of the Jackson Parish Police Jury
Jackson Parish, Louisiana

General Purpose Financial Statements
and Accountants' Compilation Report
As of and for the Year Ended December 31, 1995

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ACCOUNTANTS' COMPILATION REPORT

Danny Peel, Chairman
and Members of the Board of Commissioners
Ward 3 Fire Protection District
P. O. Box 150
Chatham, LA 71226

We have compiled the accompanying general purpose financial statements of the Ward 3 Fire Protection District, Jackson Parish, Louisiana, a component unit of the Jackson Parish Police Jury, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of general purpose financial statements information that is the representation of management. We have not audited or reviewed the accompanying general purpose financial statements and, accordingly, do not express an opinion or any other form of assurances on them.

Kenneth D. Folden & Co.

KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
May 28, 1996

WARD 3 FIRE PROTECTION DISTRICT
Jackson Parish, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet, December 31, 1995

	GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUP - ----- GENERAL FIXED ASSETS	TOTAL (MEMORANDUM ONLY)
	-----	-----	-----
ASSETS AND OTHER DEBITS			
Assets:			
Cash and cash equivalents	\$ 95,090	\$	\$ 95,090
Accounts receivable - Ad valorem taxes	27,417		27,417
Land, plant, and equipment		158,279	158,279
	-----	-----	-----
TOTAL ASSETS	\$ 122,507	\$ 158,279	\$ 280,786
	=====	=====	=====
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities -			
Accounts payable	\$ 2,200	\$ NONE	\$ 2,200
	-----	-----	-----
Equity:			
Investment in general fixed assets		158,279	158,279
Fund balance - Unreserved - undesigned	120,307		120,307
	-----	-----	-----
Total Equity	120,307	158,279	278,586
	-----	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$ 122,507	\$ 158,279	\$ 280,786
	=====	=====	=====

See Accountants' Compilation Report

WARD 3 FIRE PROTECTION DISTRICT
Jackson Parish, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 1995**

	Budget	Actual	Variance Favorable (Unfavorable)
	-----	-----	-----
Revenues:			
Property taxes	\$ 24,712	\$ 28,563	\$ 3,851
Intergovernmental- Police Jury grants	5,857	5,857	
Interest	2,815	3,088	273
Contributions	5,449	5,463	14
	-----	-----	-----
Total revenues	38,833	42,971	4,138
	-----	-----	-----
Expenditures:			
Current:			
Public safety:			
Repairs and maintenance	200	195	5
Radio system maintenance	660	661	(1)
Statutory deductions		2,179	(2,179)
Insurance	3,646	3,646	
Office supplies	75	149	(74)
Legal and accounting		1,740	(1,740)
Fuel	300	327	(27)
Telephone and utilities	320	304	16
Miscellaneous		24	(24)
Capital outlay	4,070	4,081	(11)
	-----	-----	-----
Total expenditures	9,271	13,306	(4,035)
	-----	-----	-----
EXCESS OF REVENUES OVER EXPENDITURES	29,562	29,665	103
FUND BALANCE AT BEGINNING OF YEAR	67,076	90,642	23,566
	-----	-----	-----
FUND BALANCE AT END OF YEAR	\$ 96,638	\$ 120,307	\$ 23,669
	=====	=====	=====

See Accountants' Compilation Report

WARD 3 FIRE PROTECTION DISTRICT
Jackson Parish, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 1995

INTRODUCTION

The Ward 3 Fire Protection District of Jackson Parish is located in the eastern portion of Jackson Parish in northeast Louisiana. As provided by Louisiana Revised Statute 40:1495, the District is governed by a Board of Commissioners consisting of five members: two members are appointed by the Jackson Parish Police Jury; two members are appointed by the mayor and board of aldermen of Chatham, Louisiana; and one member who serves as chairman, is elected by the four appointed board members. Commissioners are residents of the District and serve staggered one and two year terms. The members of the Board of Commissioners do not receive compensation.

The District was created to provide safety for the prevention and control of fires within the approximate 147 square mile area of the District. The District has acquired land, buildings, and equipment in the effort to achieve its goals. Residents of the district serve as volunteer firemen.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the District 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.

B. REPORTING ENTITY

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Jackson 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 financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

WARD 3 FIRE PROTECTION DISTRICT
Jackson Parish, Louisiana
Notes to the Financial Statements (Continued)

B. REPORTING ENTITY (Continued)

Because the police jury approves the organization's governing body, and the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the Jackson Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

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

Funds of the District are classified as one category: governmental. This category is divided into one fund type. A description of this fund classification and the fund type follows:

Governmental Funds

Governmental funds account for all of the District's general activities, including the collection and disbursement of specific or legally restricted monies, and acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

General Fund--the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

D. BASIS OF ACCOUNTING

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

Revenues

Ad valorem taxes are assessed on a calendar year basis by the Tax Assessor of Jackson Parish. The Jackson Parish Tax Collector sends notices to property owners in either September or October. Taxes are due from property owners upon receipt of notice. Billed taxes become delinquent on December 31 of the current year. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. The taxes are generally collected in December of the current year and January and February of the ensuing year.

WARD 3 FIRE PROTECTION DISTRICT
Jackson Parish, Louisiana
Notes to the Financial Statements (Continued)

D. BASIS OF ACCOUNTING (Continued)

Revenues (Continued)

Ad valorem taxes are collected by the Jackson Parish Tax Collector and remitted to the Ward 3 Fire Protection District. Therefore, amounts received during the current period are recognized as revenue; and amounts collected by the Tax Collector during the current period and received by the District within 60 days after December 31 are recorded as a receivable.

Intergovernmental revenues are recorded when the District is entitled to the funds. 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, except for principal and interest on general long-term debt, which are recognized when due.

E. BUDGETS

Budget was prepared on a basis consistent with generally accepted accounting principles (GAAP). Budget was made available for public inspection at the time of adoption. The Board of Commissioners must meet and approve all budget changes or amendments. At year end, all appropriations lapse. Budget amounts for the year ended December 31, 1995, are as amended.

F. ENCUMBRANCES

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

G. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash and cash equivalents of the District include an interest-bearing demand deposit and a time deposit. 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.

H. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date of donation.

I. COMPENSATED ABSENCES

There are no accumulated and vested benefits relating to vacation and sick leave as the District has no employees.

WARD 3 FIRE PROTECTION DISTRICT
Jackson Parish, Louisiana
Notes to the Financial Statements (Continued)

J. TOTAL COLUMNS OF COMBINED STATEMENTS

Total columns on the combined 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, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. LEVIED TAXES

The District was authorized and levied a 10.15 mill ad valorem tax for the year ended December 31, 1995.

3. CASH AND CASH EQUIVALENTS

At December 31, 1995, the District has cash and cash equivalents (book balances) totaling \$95,090, as follows:

Interest-bearing demand deposits	\$	33,970
Time deposit		61,120

	\$	95,090
		=====

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 has \$95,213 in deposits (collected bank balances). These deposits are secured from risk by \$95,213 of federal deposit insurance.

4. FIXED ASSETS

The changes in general fixed assets follow:

	Balance January 1, 1994	Additions	Deletions	Balance December 31, 1995
	-----	-----	-----	-----
Buildings	\$ 4,935	\$		\$ 4,935
Furniture and equipment	149,263	4,081		153,344
	-----	-----	-----	-----
Total	\$ 154,198	\$ 4,081	NONE	\$ 158,279
	=====	=====	=====	=====

5. PENSION PLANS

The District does not participate in any pension or retirement plans.

WARD 3 FIRE PROTECTION DISTRICT
Jackson Parish, Louisiana
Notes to the Financial Statements (Continued)

6. LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 1995.

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Danny Peel, Chairman
and Members of the Board of Commissioners
Ward 3 Fire Protection District
P. O. Box 150
Chatham, LA 71226

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Ward 3 Fire Protection District of Jackson Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Ward 3 Fire Protection District's compliance with certain laws and regulations during the year ended December 31, 1995 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditure was made during the year for materials and supplies exceeding \$5,000 nor any expenditure was made for public works exceeding \$50,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The Ward 3 Fire Protection District has no employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

As stated in procedure (3), the district has no employees.

Budgeting

5. **Obtained a copy of the legally adopted budget and all amendments.**

Management provided us with a copy of the original budget. The budget was amended once during the year.

6. **Trace the budget adoption and amendments to the minute book.**

We traced the adoption of the original budget to the minutes of a meeting held on December 5, 1994 which indicated that the budget had been approved by all of the commissioners. We traced the amendments to the minutes of a meeting held on December 4, 1995 which indicated that the amended budget had been approved by all of the commissioners.

7. **Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.**

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. **Randomly select six disbursements made during the period under examination and:
(a) trace payments to supporting documentation as to proper amount and payee;**

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and**

The six selected disbursements were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.**

The six selected disbursements were traced to the district's minute book where they were approved by the commissioners.

Meetings

9. **Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).**

The Ward 3 Fire Protection District is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Management has informed us that these documents were not properly posted.

Debt

10. **Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.**

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

As stated in procedure (3), the district has no employees. A reading of the minutes of the district for the year indicated no approval for the payments noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. According, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Ward 3 Fire Protection District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Kenneth D. Folden & Co.

KENNETH D. FOLDEN & CO.
Certified Public Accountants

Jonesboro, Louisiana
May 28, 1996

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and Members of the Board of Commissioners
Ward 3 Fire Protection District
P. O. Box 150
Chatham, LA 71226

In performing our compilation with attestation engagement of the financial statements of the Ward 3 Fire Protection District, as of and for the year ended December 31, 1995, part of the agreed-upon procedures included a review of the prior year suggestions, recommendations, and/or comments and the extent to which such matters have been resolved.

During our audit, as of and for the year ended December 31, 1994, we became aware of certain matters involving the internal control structure and noncompliance with laws that were opportunities for strengthening internal controls and compliance requirements.. The memorandum that accompanies this letter summarizes our comments regarding the current status of those matters.

Sincerely,

Kenneth D. Folden & Co.

Kenneth D. Folden & Co, CPAs
May 28, 1996

Prior Year's Findings:

The current status of the findings in the prior year audit report are as follows:

Financial Statements and/or Notes:

1. Actual expenditures exceeded the budget by more than 5% - For the year ended December 31, 1995, the District failed to adequately monitor their General Fund expenditures by allowing the actual expenditures to exceed the budgeted expenditures by 5% or more. Louisiana Revised Statute (LRS) 39:1310 requires that amendments shall be made whenever actual expenditures are exceeding the estimated budgeted expenditures by 5% or more. Again, we recommend that the District comply with LRS 39:1310.

Management Letter:

1. Budget adoption not recorded in minutes - Corrective action has been taken. This finding is considered cleared.
2. Budget not adopted timely - Corrective action has been taken. This finding is considered cleared.
3. Casualty insurance not maintained - Corrective action has been taken. This finding is considered cleared.
4. Minutes of board meetings not published - For the year ended December 31, 1995, the District did not publish its minutes as required by LRS 43:171. Again, we recommend that the District comply with LRS 43:171.