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**NATCHITOCHES PARISH
FIRE PROTECTION DISTRICT NO. 7**

**FINANCIAL REPORT
December 31, 1997**

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 7/1/98

Placemelon Parish
Fire Protection District No. 7
Financial Report
December 31, 1997

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To the Board of Commissioners of the
Natchitoches Parish Fire District No. 7

We have compiled the accompanying component unit financial statements of the Natchitoches Parish Fire District No. 7, a component unit of the Natchitoches Parish Police Jury, as of December 31, 1997 and the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants. The financial statements have been prepared on the modified accrual basis of accounting, which is the generally accepted accounting method established by the Governmental Accounting Standards Board for governmental units.

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

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

June 22, 1998
Natchitoches, LA 71407

COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Mantoloking Parish Fire Protection District No. 7

Combined Balance Sheet-Fund Type and Account Groups
December 31, 1997

| | Governmental Fund Type General Fund | Account Groups General Fixed Assets | Total (Nonmembers Only) |
|--|--|--|-------------------------------|
| Assets | | | |
| Cash | \$179,874 | \$ 0 | \$179,874 |
| Certificates of Deposit | 23,151 | 0 | 23,151 |
| Revenue Receivables | 38,652 | 0 | 38,652 |
| Buildings | 0 | 39,825 | 39,825 |
| Equipment | 0 | 162,321 | 162,321 |
| Total Assets | \$238,677 | \$202,146 | \$440,823 |
| Liabilities & Fund Equity | | | |
| Liabilities and Fund Equity | | | |
| Liabilities- | | | |
| Accounts Payable | \$ 518 | \$ 0 | \$ 518 |
| Total Liabilities | \$ 518 | \$ 0 | \$ 518 |
| Fund Equity- | | | |
| Investment in General Fixed Assets | \$ 0 | \$202,046 | \$202,046 |
| Fund Balance- Unreserved | 238,180 | 0 | 238,180 |
| Total Fund Equity | \$238,180 | \$202,046 | \$440,226 |
| Total Liabilities & Fund Equity | \$238,698 | \$202,046 | \$440,744 |

See accountants' compilation report.

Machichester Public Fire Protection District No. 7

Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
December 31, 1997

| REVENUES | Budget | Actual | Variance- Favorable (Unfavorable) |
|--|------------------|------------------|---|
| Taxes- | | | |
| Ad Valorem Taxes | \$ 53,000 | \$ 54,129 | \$ 1,129 |
| Intergovernmental- | | | |
| Fire Insurance Tax | 5,000 | 5,304 | 304 |
| Miscellaneous | —5,000 | —5,200 | —700 |
| Total Revenues | \$ 65,000 | \$ 68,133 | \$ 3,133 |
| EXPENDITURES: | | | |
| Current- | | | |
| Public Safety | \$ 29,100 | \$ 16,082 | \$13,018 |
| Capital Expenditures | 21,000 | 20,981 | (19) |
| Professional Fees | —800 | —900 | —8 |
| Total Expenditures | \$ 51,900 | \$ 48,963 | \$12,937 |
| Excess (Deficiency)-of Revenues over Expenditures | \$ 8,800 | \$ 21,170 | \$12,370 |
| Fund Balance - Beginning of Year | 258,108 | 189,108 | —69,000 |
| Fund Balance - End of Year | \$266,908 | \$210,278 | \$11,180 |

See accountants' compilation report.

NOTES TO FINANCIAL STATEMENTS

Machitoches Parish Fire Protection District No. 7

Notes to Financial Statements
December 31, 1997**1. The Reporting Entity:**

Fire Protection District No. 7, of Machitoches Parish, Louisiana, was created in June 1982, by ordinance of the Machitoches Parish Police Jury. The District is charged with providing fire protection for the citizens of District No. 7 of Machitoches Parish.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Machitoches Parish Fire Protection District No. 7 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statute 24:517.

As the governing authority of the Parish, for reporting purposes, the Machitoches Parish Police Jury is the financial reporting entity for Machitoches Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Machitoches 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.

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.

Natchitoches Parish Fire Protection District No. 7

Notes to Financial Statements
December 31, 1997

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.

Because the police jury created by ordinance Fire District No. 7, the district was determined to be a component unit of the Natchitoches 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.

The following is a summary of certain significant accounting principles and practices:

Fund Accounting:

The accounts of Natchitoches Parish Fire Protection District No. 7 are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund or account groups are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, revenues and expenditures. Resources are allocated to the fund or account group based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund presented in this report is described as follows:

Governmental Fund:

General Fund. The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District.

Fixed Assets and Long-Term Liabilities:

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its management focus. The governmental fund is accounted for on a spending or "financial flow" management focus and only current assets and current liabilities are generally included on its balance sheet.

Fixed assets used in the governmental fund operation (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the General Fund.

These assets are recorded as expenditures in the General Fund when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

Manchester Parish Fire Protection District No. 7

**Notes to Financial Statements
December 31, 1997**

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental fund.

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement basis applied.

The General Fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Purchase of various operating supplies are regarded as expenditures at the time purchased.

The Manchester Parish Fire Protection District No. 7 does not employ the use of "Kassabauer accounting".

Total Columns on Combined Statements-Overview:

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis.

Budgetary Practices:

Prior to the beginning of each fiscal year, the Treasurer submits a proposed budget to the Board of Commissioners. The budget is adopted, and held open for public inspection. All budgetary appropriations lapse at the end of the year. The budget presented in these financial statements was adopted on a basis consistent with generally accepted accounting principles.

Investments:

The District does not have any investments other than cash invested in interest bearing checking accounts.

3. Pension Plan:

The District is not a member of any retirement plan.

Natchitoches Parish Fire Protection District No. 7

Notes to Financial Statements
December 31, 19974. General Fixed Assets:

A summary of changes in general fixed assets follows:

| | Balance 1-1-97 | Additions | Deletions | Balance 12-31-97 |
|----------------|-------------------|-----------|-----------|---------------------|
| Building | \$ 39,825 | \$ 0 | 0 | \$ 39,825 |
| Fire Equipment | 165,216 | 26,582 | 0 | 191,798 |
| Totals | \$205,041 | \$26,582 | 0 | \$231,623 |

5. Litigation

The District is not a party in any litigation seeking damages for the year ended December 31, 1997.

6. Related Party Transactions

The District had no related party transactions for the year ended December 31, 1997.

7. Compensation Paid to Board Members

The members of the Board of Commissioners of the District receive no compensation for their services.

8. Ad Valorem Taxes

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 7. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when billed.

Property Tax Calendar

| | |
|------------------------------|-------------------|
| Assessment date | January 1, 1997 |
| Levy date | June 30, 1997 |
| Tax bills mailed | October 05, 1997 |
| Total taxes are due | December 31, 1997 |
| Penalties and interest added | January 31, 1998 |
| Live date | January 31, 1998 |
| Tax Sale | May 15, 1998 |

Marshfield Parish Fire Protection District No. 7

Notes to Financial Statements
December 31, 1997

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose, or, in the aggregate for all purposes 10% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Marshfield Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

| | |
|------------------------------|--|
| 10% land | 15% machinery |
| 10% residential improvements | 15% commercial improvements |
| 10% industrial improvements | 25% public service properties, excluding land |

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1995. Total assessed value was \$1,800,500 in 1995. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$2,514,870 of the assessed value in 1997. For the year ended December 31, 1997, taxes of \$1.39 mills were levied on the property and were dedicated to fire protection. Taxes collected totaled \$34,125, after adjustments from the prior year.

9. Cash and Investments:

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits, and certificates of deposits. At December 31, 1997, the District had cash equivalents totaling \$182,187. Under Louisiana Law, these deposits must be secured by Federal deposit insurance, or by the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The deposits at December 31, 1997, were as follows:

| | Bank Balance | FDC Insurance | Additional Securities Pledged | Balance Uninsured |
|-------------------------|-----------------|------------------|-------------------------------------|----------------------|
| Cash - Checking | \$139,008 | \$139,008 | \$139,008 | \$0 |
| Certificates of Deposit | 25,151 | 25,151 | — | 0 |
| Cash in Banks | \$182,187 | \$182,151 | \$139,008 | \$0 |

Johnson, Thomas & Cunningham
Registered Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners of the
Natchitoches Parish Fire District No. 7

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of the Natchitoches Parish Fire Protection District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Natchitoches Parish Fire District No. 7's compliance with certain laws and regulations during the year ended December 31, 1997 included in the accompanying Louisiana *Administrative 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 to satisfy 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 materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 18:211-220 (the public bid law).

All applicable expenditures were found to be in compliance.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYERS

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:101-1124 (the code of ethics), and a list of outside business interest 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.

Not applicable.

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

Not applicable.

BUDGETING

3. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget 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 the District. It was adopted by a unanimous decision.

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 not exceed budgeted amounts by more than 5%.

ACCOUNTING AND REPORTING

8. Randomly select 6 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 current fund and general ledger account.

Each disbursement appeared to be coded correctly.

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

Inspection of supporting documentation showed written approval. In addition, non-recording entries were discussed and approved in the minutes.

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 42:15 (the open meetings law)

The District is only required to post a notice of such meeting and the accompanying agenda on the door of the district's office building. Management has asserted that such documents were 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 any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

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.

Not applicable.

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. Accordingly, 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 Natchitoches Parish Fire Protection District No. 7 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and takes 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.

Richard D. Diamond
Richard D. Diamond, CPA's

June 23, 1998
Natchitoches, Louisiana