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NORTH SABINE FIRE PROTECTION DISTRICT  
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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 JUL 19 2000

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
North Sabine Fire Protection District  
Zwolle, Louisiana

I have audited the accompanying general purpose financial statements of the North Sabine Fire Protection District, Zwolle, Louisiana, as of December 31, 1999 and for the year then ended. These financial statements are the responsibility of the North Sabine Fire Protection District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred above present fairly, in all material respects, the financial position of the North Sabine Fire Protection District, Zwolle, Louisiana, as of December 31, 1999, and the results of its 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 June 8, 2000 on my consideration of the North Sabine Fire Protection District, Zwolle, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.



EUGENE W. FREMAUX II, CPA  
June 8, 2000

NORTH SABINE FIRE PROTECTION DISTRICT  
 ZWOLLE, LOUISIANA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 December 31, 1999

|                                       | Governmental<br>Fund Types | Account<br>Groups          | Memo<br>Totals<br>1999 |
|---------------------------------------|----------------------------|----------------------------|------------------------|
|                                       | General                    | General<br>Fixed<br>Assets |                        |
| <b>ASSETS</b>                         |                            |                            |                        |
| Cash                                  | \$168,792                  | \$0                        | \$168,792              |
| Receivables:                          |                            |                            |                        |
| Taxes                                 | 168,118                    | 0                          | 168,118                |
| Insurance settlement                  | 50,000                     | 0                          | 50,000                 |
| Prepaid insurance                     | 10,447                     | 0                          | 10,447                 |
| Fixed assets                          | 0                          | 1,136,281                  | 1,136,281              |
| <b>TOTAL ASSETS</b>                   | <b>\$397,357</b>           | <b>\$1,136,281</b>         | <b>\$1,533,638</b>     |
| <b>LIABILITIES AND EQUITY</b>         |                            |                            |                        |
| Liabilities:                          |                            |                            |                        |
| Accounts payable                      | \$20,607                   | \$0                        | \$20,607               |
| Retirement system deductions payable  | 6,469                      | 0                          | 6,469                  |
| <b>Total liabilities</b>              | <b>27,076</b>              | <b>0</b>                   | <b>27,076</b>          |
| Fund Equity:                          |                            |                            |                        |
| Investment in General Fixed Assets    | 0                          | 1,136,281                  | 1,136,281              |
| Fund balance:                         |                            |                            |                        |
| Unreserved                            | 370,281                    | 0                          | 370,281                |
| <b>Total equity</b>                   | <b>370,281</b>             | <b>1,136,281</b>           | <b>1,506,562</b>       |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>\$397,357</b>           | <b>\$1,136,281</b>         | <b>\$1,533,638</b>     |

The notes to the financial statements are an integral part of the financial statements.

NORTH SABINE FIRE PROTECTION DISTRICT  
 ZWOLLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 ALL GOVERNMENTAL FUND TYPES  
 GENERAL FUND  
 Year ended December 31, 1999

|  |                  |
|--|------------------|
| Revenues:                              |                  |
| Taxes - ad valorem                     | \$215,435        |
| Intergovernmental:                     |                  |
| State revenue sharing                  | 29,584           |
| Fire insurance rebate                  | 18,491           |
| Interest income                        | 8,055            |
| Other income                           | <u>51,950</u>    |
| Total revenues                         | <u>323,515</u>   |
| Expenditures:                          |                  |
| Current:                               |                  |
| General government:                    |                  |
| Personal services and related benefits | 10,279           |
| Operating services                     | 101,891          |
| Supplies                               | 34,478           |
| Capital outlay                         | <u>125,551</u>   |
| Total expenditures                     | <u>272,199</u>   |
| Excess of revenues over expenditures   | 51,316           |
| Fund balance, beginning of year        | <u>318,965</u>   |
| Fund balance, end of year              | <u>\$370,281</u> |

The notes to the financial statements are an integral part of the financial statements.

NORTH SABINE FIRE PROTECTION DISTRICT  
 ZWOLLE, LOUISIANA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (GAAP BASIS) AND ACTUAL  
 GENERAL FUND  
 Year ended December 31, 1999

|   | Budget            | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------|------------------|--|
| Revenues:                               |                   |                  |  |
| Taxes - ad valorem                      | \$162,259         | \$215,435        | \$53,176                               |
| Intergovernmental:                      |                   |                  |  |
| State revenue sharing                   | 29,584            | 29,584           | 0                                      |
| Fire insurance rebate                   | 18,491            | 18,491           | 0                                      |
| Interest income                         | 7,654             | 8,055            | 401                                    |
| Other income                            | 1,000             | 51,950           | 50,950                                 |
| Total revenues                          | <u>218,988</u>    | <u>323,515</u>   | <u>104,527</u>                         |
| Expenditures:                           |                   |                  |  |
| Current:                                |                   |                  |  |
| General government:                     |                   |                  |  |
| Personal services and related benefits  | 9,319             | 10,279           | (960)                                  |
| Operating services                      | 95,965            | 101,891          | (5,926)                                |
| Supplies                                | 36,390            | 34,478           | 1,912                                  |
| Capital outlay                          | 94,671            | 125,551          | (30,880)                               |
| Total expenditures                      | <u>236,345</u>    | <u>272,199</u>   | <u>(35,854)</u>                        |
| Excess of revenues over<br>expenditures | <u>(\$17,357)</u> | 51,316           | <u>\$68,673</u>                        |
| Fund balance, beginning of year         |                   | <u>318,965</u>   |  |
| Fund balance, end of year               |                   | <u>\$370,281</u> |  |

The notes to the financial statements are an integral part of the financial statements.



**NORTH SABINE FIRE PROTECTION DISTRICT  
ZWOLLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The North Sabine Fire Protection District (District) was incorporated for the purpose of providing fire protection to the residents of Wards 5 - 10 in the northern portion of Sabine Parish. The District is funded by 10.38 mills of ad valorem taxes.

The accounting and reporting policies of the District conform to generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

*The following is a summary of certain significant accounting policies.*

Financial reporting entity

The District is a public corporation, legally separate and fiscally independent. As required by generally accepted accounting principles, the financial statements present the financial position and results of operation of the District, a primary government. There are no component units to be included in the financial statements, however the financial statements do include all funds, account groups, and programs which are controlled by the District.

Fund accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are all allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two generic fund types and broad fund categories as follows:

Governmental Fund Types -

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**NORTH SABINE FIRE PROTECTION DISTRICT  
ZWOLLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999**

General Fixed assets

The accounting and reporting treatment applied to general fixed assets associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available.

Basis of accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. All revenues are susceptible to accrual.

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

Budgets and budgetary accounting

The District is required by the Louisiana Local Government Budget Act to adopt an annual budget. An annual budget is adopted each year and amended as required. Formal budgetary accounting is employed as a management control.

Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items.

**NORTH SABINE FIRE PROTECTION DISTRICT  
ZWOLLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999**

Total columns on combined statements - overview

Total columns on the general purpose financial 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. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and are payable upon receipt of notice. The Sabine Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the tax assessor of Sabine Parish. For the year ended December 31, 1999, taxes of 10.38 mills were levied on property.

**NOTE 3 - CASH**

Louisiana revised Statutes authorize the District to invest in United States bonds, treasury notes or certificates, or to 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.

The District had no investments at December 31, 1999. The District's cash on deposit with financial institutions at December 31, 1999 amounted to \$168,792, of which \$109,295 was fully secured by FDIC insurance and \$59,497 was secured by the pledge of securities (\$297,000) owned by the depository bank. These securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties. These secured deposits are considered uncollateralized under the provisions of GASB Statement 3; however, Louisiana Revised Statutes require the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the District that the pledging bank has failed to pay deposited funds upon demand.

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

|           | Balance<br>December 31,<br><u>1998</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br>December 31,<br><u>1999</u> |
|-----------|--|------------------|------------------|--|
| Land      | \$ 39,367                              | \$ 2,600         | \$               | \$ 41,967                              |
| Buildings | 127,303                                | 95,833           | 1,788            | 221,348                                |
| Equipment | <u>880,216</u>                         | <u>27,118</u>    | <u>34,368</u>    | <u>872,966</u>                         |
| Total     | <u>\$1,046,886</u>                     | <u>\$125,551</u> | <u>\$ 36,156</u> | <u>\$1,136,281</u>                     |



**NORTH SABINE FIRE PROTECTION DISTRICT  
ZWOLLE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999**

**NOTE 5 - COMMITMENTS**

As of December 31, 1999 the District was committed to purchase two trucks for a total of \$100,000, with delivery in April 2000.

**NOTE 6 - COMPENSATION PAID TO BOARD OF DIRECTORS**

The following reflects compensation paid to the Board of Directors for the year ended December 31, 1999:

|                        |       |
|------------------------|-------|
| Gary Rivers, President | \$330 |
| Albert Ezernack        | 360   |
| Greg Hagar             | 390   |
| Jerry McDonald         | 420   |
| Jim Veuleman           | 180   |
| Doug Williams          | 270   |

**NOTE 7 - LITIGATION**

The District was not involved in any litigation at December 31, 1999.

**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 Directors  
North Sabine Fire Protection District  
Zwolle, Louisiana

I have audited the general purpose financial statements of the North Sabine Fire Protection District, for the year ended December 31, 1999, and have issued my report thereon dated June 8, 2000. 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 part of obtaining reasonable assurance about whether the North Sabine Fire Protection District's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provision was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*:

**1. Existing condition**

Total expenditures for 1999 exceeded the budgeted expenditures by 16 percent, which is more than the 5 percent allowed under state law. The District amended the 1999 budget in December 1999 in an attempt to comply with budget regulations.

**Recommended action**

The Board needs to improve the estimating process near the end of the year, so that more reliable budgeting can take place.

**Management response**

The Board will focus more effort on improving the reliability of estimating future expenditures for the District.

## 2. Existing condition

Presently, the District's secretary is paid as contract labor, however she would probably be classified as an employee for payroll tax purposes by using the test used by the Internal Revenue Service for employee/contract labor determination.

### Recommended action

The Board should reclassify the secretary as an employee for payroll tax reporting purposes..

### Management response

The Board will change the secretary's classification for payroll tax reporting effective July 1, 2000.

## 3. Existing condition

The District hosted an awards banquet for the District's volunteer firefighters and their families, however approximately \$950 of the meal cost was funded with tax revenues, which is in apparent violation of Article 7, Section 14(A) of the Louisiana Constitution of 1974. The remainder of the meal cost, \$850, was funded with contributions.

### Recommended action

The Board needs to be aware of the potential for problems under Article 7 of the Constitution relating to providing employees and volunteers with meals, and work on another method to achieve the objective of honoring volunteers without violating the intent of Article 7.

### Management response

The Board has restructured the funding format of the annual awards banquet so there will not be a conflict with Article 7 of the Constitution.

## **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the North Sabine Fire Protection District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management, Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read 'Eugene W. Fremaux II', written in a cursive style.

EUGENE W. FREMAUX II, CPA

June 2, 2000