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**North Sabine Fire Protection District
Zwolle, Louisiana**

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**Financial Statements and Supplemental Financial Information
Year Ended December 31, 1995
with
Reports of Certified Public Accountants
on Financial and Compliance Examination**

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 7-17-96

VanRheenen & Miller, Ltd.
Certified Public Accountants
1309 East Race Avenue
Searcy, Arkansas 72143

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FINANCIAL SECTION

Independent Auditors' Report

Board of Commissioners
North Sabine Fire Protection District
P.O. Box 81
Zwolle, LA 71486

We have audited the accompanying general purpose financial statements of North Sabine Fire Protection District as of December 31, 1995, and for the year then ended, as listed in the table of contents. These general purpose financial statements and the supplemental financial information referred to below are the responsibility of the entity's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of North Sabine Fire Protection District as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 16, 1996 on our consideration of North Sabine Fire Protection District's internal control structure and a report dated April 16, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements. The accompanying financial information listed as supplemental financial information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of North Sabine Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

April 16, 1996

VanRheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Receipt Acknowledged
Legislative Auditor

By _____

GENERAL PURPOSE FINANCIAL STATEMENTS

North Sabine Fire Protection District
Zwolle, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1995

	Governmental		General	General	Memo
	Fund Types				
	Special	General	Fixed	Long-term	Memo
	Revenue	Assets	Assets	Debt	Totals
					1995
ASSETS AND OTHER DEBITS					
Assets:					
Cash	\$ 135,174.88	\$.00	\$.00	\$.00	\$ 135,174.88
Taxes receivable	114,475.03	.00	.00	.00	114,475.03
Prepaid items	67,013.30	.00	.00	.00	67,013.30
Fixed assets	.00	618,097.18	.00	.00	618,097.18
Other debits:					
Amt. to be provided for retirement of general long term debt	.00	.00	64,000.00	64,000.00	64,000.00
TOTAL ASSETS AND OTHER DEBITS	\$ 316,663.21	\$ 618,097.18	\$ 64,000.00	\$ 64,000.00	\$ 998,760.39
LIABILITIES, EQUITY, AND OTHER CREDITS					
Liabilities:					
Accounts payable:					
Trade	\$ 13,324.65	\$.00	\$.00	\$.00	\$ 13,324.65
Fixed liabilities	.00	.00	64,000.00	64,000.00	64,000.00
Total liabilities	\$ 13,324.65	\$.00	\$ 64,000.00	\$ 64,000.00	\$ 77,324.65
Equity and Other Credits:					
Investment in general fixed assets	\$.00	\$ 618,097.18	\$.00	\$.00	\$ 618,097.18
Fund balances:					
Reserved for prepaids	67,013.30	.00	.00	.00	67,013.30
Unreserved, undesignated	236,325.26	.00	.00	.00	236,325.26
Total Equity and Other Credits	\$ 303,338.56	\$ 618,097.18	\$.00	\$.00	\$ 921,435.74
TOT. LIAB., EQUITY AND OTHER CREDITS	\$ 316,663.21	\$ 618,097.18	\$ 64,000.00	\$ 64,000.00	\$ 998,760.39

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

North Sabine Fire Protection District
Zwolle, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
All Governmental Fund Types
Year Ended December 31, 1995

	Governmental Fund Types		
	Special Revenue	Debt Service	Memo Totals 1995
Revenues:			
Special assessment taxes	\$ 213,105.48	\$.00	\$ 213,105.48
Insurance rebate	16,717.58	.00	16,717.58
Interest	6,873.37	.00	6,873.37
Miscellaneous	2,750.00	.00	2,750.00
Total Revenues	\$ 239,446.43	\$.00	\$ 239,446.43
Expenditures			
Current:			
Grants to fire departments	\$ 34,934.26	\$.00	\$ 34,934.26
General government	51,336.69	.00	51,336.69
Capital outlay	42,161.82	.00	42,161.82
Debt service:			
Principal	.00	101,761.80	101,761.80
Interest	.00	7,957.53	7,957.53
Total Expenditures	\$ 128,432.77	\$ 109,719.33	\$ 238,152.10
Other Financing Sources (Uses):			
Operating transfers in	\$.00	\$ 109,719.33	\$ 109,719.33
Operating transfers out	(109,719.33)	.00	(109,719.33)
Total Other Financing Sources (Uses)	\$ (109,719.33)	\$ 109,719.33	\$.00
Excess of Revenues and Sources over (under) Expenditures and Uses			
	\$ 1,294.33	\$.00	\$ 1,294.33
Fund Balance, beginning of period	302,044.23	.00	302,044.23
Fund Balance, end of period	\$ 303,338.56	\$.00	\$ 303,338.56

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

North Sabine Fire Protection District
Zwolle, Louisiana

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual - All Governmental Fund Types
Year Ended December 31, 1995

	Special Revenue Funds		
	Budget	Actual	Variance Favorable <Unfavorable>
Revenues:			
Special assessment taxes	\$ 190,000.00	\$ 213,105.48	\$ 23,105.48
Insurance rebate	14,000.00	16,717.58	2,717.58
Interest	3,000.00	6,873.37	3,873.37
Miscellaneous	.00	2,750.00	2,750.00
Total Revenues	\$ 207,000.00	\$ 239,446.43	\$ 32,446.43
Expenditures			
Current:			
Board per diem	\$ 2,160.00	\$ 2,400.00	\$ (240.00)
Professional fees	3,900.00	3,703.00	197.00
Training	5,000.00	2,994.99	2,005.01
Sundry administration	590.00	9,754.90	(9,164.90)
Utilities	1,750.00	2,072.93	(322.93)
Maintenance	1,000.00	2,514.57	(1,514.57)
Insurance	25,000.00	27,896.30	(2,896.30)
Grants to fire departments	47,600.00	34,934.26	12,665.74
Capital expenditures	.00	42,161.82	(42,161.82)
Total Expenditures	\$ 87,000.00	\$ 128,432.77	\$ (41,432.77)
Other Financing Sources <Uses>			
Operating transfers out	\$ (120,000.00)	\$ (109,719.33)	\$ (10,280.67)
Total Other Financing Sources <Uses>	\$ (120,000.00)	\$ (109,719.33)	\$ (10,280.67)
Excess of Revenues and Sources over <under> Expenditures and Uses	\$.00	\$ 1,294.33	\$ (19,267.01)
Fund Balance, beginning of period		302,044.23	
Fund Balance, end of period		\$ 303,338.56	

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

North Sabine Fire Protection District
Zwolle, Louisiana

Notes to the Financial Statements
December 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Organization. The North Sabine Fire Protection District was incorporated for the purpose of providing fire protection to the residents of Wards 5-10 in the northern sector of Sabine Parish. The District provides funding from a 10 mill tax to various fire stations within Wards 5-10. There are no employees and the only compensation paid is a per diem to board members for meetings attended.
- B. Financial reporting. The financial reporting policies of the North Sabine Fire Protection District conform to generally accepted accounting policies as applicable to government. Such policies also conform to the requirements of Louisiana Revised Statutes 24:517 and the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide and the industry audit guide, Audits of State and Local Government Units.

Specific accounting policies. The following is a summary of significant accounting policies:

1. Financial reporting entity. This report includes all funds and account groups which are controlled by the district's board. Control by the district was determined on the basis of taxing authority, authority to issue debt, authority to execute contracts, and general oversight responsibility.
2. Fund accounting. The accounts of the entity are organized on the basis of funds or account groups, each of which is considered to be a separate accounting unit. The operations of each fund are reported as a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and for 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 one generic fund type (governmental) and the following broad fund categories:

Governmental Fund Types

Special revenue fund - The special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Special reporting treatment is also applied in governmental funds when prepaid items are present to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are offset by fund balance reserve accounts.

3. Fixed assets and long-term liabilities. The accounting and reporting treatment applied to fixed assets and long-term debt associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spending resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on such assets.

North Sabine Fire Protection District
Zwolle, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1995

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are valued at their estimated fair value on the date donated. The entity does capitalize any "infrastructure" assets which are paid for by the entity.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group. Expenditures related to such debt are reflected in the Debt Service Fund.

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

4. Basis of accounting. All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All significant revenue sources are susceptible to accrual.

Expenditures in governmental fund types are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation and sick pay which are not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

The entity does not utilize encumbrance accounting.

5. Comparative data. Comparative total data for the prior year have not been presented in the accompanying financial statements since the entity changed from a two year to a one year reporting period.

6. Total columns on 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 do not present financial position, 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.

- C. Budget. The budget for the year ended December 31, 1995 was approved by the District's governing body prior to the start of the fiscal year. Budget authority lapses at year end. No amendments were made to the original budget. Budget comparisons to actual expenditures are made monthly to the District's Board.

- D. Income taxes. The District is not subject to federal or state income taxes, nor is it required to file federal or state tax returns.

- E. Cash and cash equivalents. The entity defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities with maturities of three months or less.

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 annually by Wards 5-10 of Sabine Parish in October using the assessed values determined by the Sabine Parish tax assessor, and are billed to taxpayers in November. Current assessment is at ten mills. Amounts shown as taxes receivable are amounts collected by the Sabine Parish sheriff's office prior to December 31, 1995, but not remitted to North Sabine Fire Protection District until 1996.

North Sabine Fire Protection District
Zwolle, Louisiana

Notes to the Financial Statements (Continued)
December 31, 1995

NOTE 3 - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at December 31, 1995. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized.

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ 137,181.84	\$ 102,276.99	\$ 34,904.85	\$.00

NOTE 4 - FIXED ASSETS

Changes in fixed assets are as follows:

	Beg. of Period	Additions	Deletions	End of Period
Land, land improv.	\$ 23,400.00	\$ 5,527.25	\$.00	\$ 28,927.25
Building	90,530.99	33,706.00	.00	124,236.99
Equipment	462,004.37	2,928.57	.00	464,932.94
Total	\$ 575,935.36	\$ 42,161.82	\$.00	\$ 618,097.18

NOTE 5 - BONDS PAYABLE

The District has sold bonds with a pledge against tax receipts to be collected by the District and to be used by the special revenue fund. Particulars of the bonds are as follows:

Original bond balance	\$ 125,000.00
Bond date	1994
Due date of final installment	3/1/96
Interest rate	4.09%
Annual payment, including principal and interest (P & I)	\$ 66,617.60
Current bond balance	\$ 64,000.00
Total (P & I) debt service requirement to maturity	\$ 66,617.60

Scheduled retirements of fixed liabilities are as follows:

	Principal	Interest	Total
1996	\$ 64,000.00	\$ 2,617.60	\$ 66,617.60

SUPPLEMENTAL FINANCIAL INFORMATION

North Sabine Fire Protection District
Zwolle, Louisiana

Schedule of Compensation Paid to Board members
For the Year Ended December 31, 1995

	<u>1995</u>
Gary Rivers, President	\$ 360.00
Jim Veuleman, Vice-President	390.00
Larry A. Cryer, Secretary/Treasurer	420.00
Guffy Pattison, Commissioner	240.00
Jerry McDonald, Commissioner	390.00
Doug Williams, Commissioner	390.00
Kenny Remedies, Commissioner	210.00
Total compensation paid to board members	<u>\$ 2,400.00</u>

NON-FINANCIAL SECTION

Independent Auditors' Report on Compliance Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
North Sabine Fire Protection District
P.O. Box 81
Zwolle, LA 71486

We have audited the general purpose financial statements of North Sabine Fire Protection District as of and for the year ended December 31, 1995, and have issued our report thereon dated April 16, 1996.

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

Compliance with laws, regulations, contracts, and grants applicable to North Sabine Fire Protection District is the responsibility of the entity's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the entity's compliance with *certain provisions of laws, regulations, contracts, and grants*. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the Board of Commissioners and management. However, this report is a matter of public record, and its distribution is not limited.

April 16, 1996

VanRheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants

Independent Auditors' Report on the Internal Control Structure Based on an Audit of General Purpose
Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
North Sabine Fire Protection District
P.O. Box 81
Zwolle, LA 71486

We have audited the general purpose financial statements of North Sabine Fire Protection District as of and for the year ended December 31, 1995, and have issued our report thereon dated April 16, 1996.

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

The management of North Sabine Fire Protection District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of North Sabine Fire Protection District for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Our study of the entity's internal control structure disclosed a reportable condition in internal controls relating to segregation of duties. Due to its limited size, the entity does not have the personnel to adequately separate the internal accounting control duties. The segregation of duties is a decision that must be made by management on a cost-benefit basis. Management must determine if the costs of implementing an adequate internal control system will outweigh the benefits derived from such a system. This reportable condition is inherent in all small entities, and should not be construed as a failure in proper management. We concur with management's opinion that the costs incurred to implement an adequate internal control system would exceed the benefits derived from such a system. Consequently, this should not be considered a controlled audit finding.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Commissioners and management. However, this report is a matter of public record and its distribution is not limited.

April 16, 1996

VanRheenen & Miller, Ltd.
VanRheenen & Miller, Ltd.
Certified Public Accountants