

# Durnin & James

— CERTIFIED PUBLIC ACCOUNTANTS —

John H. Durnin, CPA\*  
Dennis E. James, CPA\*

Member  
American Institute of  
Certified Public Accountants

44 Professional  
Corporation

Member  
Louisiana Institute of  
Certified Public Accountants

June 5, 1993

## Independent Auditor's Report

Mr. William E. Verrado, Chairman, and  
members of the board of commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the accompanying financial statements of the Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of December 31, 1992, and for the two years then ended, as listed in the table of contents. These financial statements are the responsibility of the management of Fire Protection District No. 2 of Livingston Parish. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Standards of State and Local Government". Those standards and OMB Circular A-128 require that we 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. 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 the Fire Protection District No. 2 of Livingston Parish, as of December 31, 1992, and the results of operations for the two years then ended, in conformity with generally accepted accounting principles.

Respectfully submitted,

  
DURNIN & JAMES, P.A.'s

FISCAL MANAGEMENT SYSTEMS NO. 3 OF LIVINGSTON PARISH  
(A COMPONENT UNIT OF THE LIVINGSTON PARISH POLICE JURY)  
Springfield, Louisiana

AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 1994

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Balance Sheet, December 31, 1994 - All Fund Types and Account Groups	3
General Fund: Statements of Revenue, Expenditures, and Changes in Fund Balances	4
Statements of Revenue, Expenditures, and Changes in Fund Balances - Budget (BMFP Basis) and Actual	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 14
SUPPLEMENTARY INFORMATION	
OTHER REPORTS REQUIRED BY GOVERNMENT REGULATORY STANDARDS AND OMB CIRCULAR A-118:	
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	15 - 24
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards	25
Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	26 - 27
Independent Auditor's Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs	28 - 34
Independent Auditor's Report on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Program Transactions	35
Independent Auditor's Report on Schedule of Federal Financial Assistance	36
Schedule of Federal Financial Assistance	35 - 36

exists in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that non-compliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no weaknesses involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

  
DENNIS J. JAMES, CPA's

# Durnin & James

INDEPENDENT PUBLIC ACCOUNTANTS

John D. Durnin, CPA  
David S. James, CPA

Member  
American Institute of  
Certified Public Accountants

Not a Partnership  
Organization

Member  
State of Louisiana  
Certified Public Accountant

June 6, 1997

## Independent Auditor's Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs

Mr. William R. Verardo, Chairman, and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the financial statements of Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 6, 1997.

We have applied procedures to test Fire Protection District No. 2 of Livingston Parish's compliance with the following requirements applicable to its Federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the two years ended December 31, 1996:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Fire Protection District No. 2 of Livingston Parish's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Fire Protection District No. 2 of Livingston Parish had not complied, in all material respects, with those requirements.

# Durnin & James

— CERTIFIED PUBLIC ACCOUNTANTS —

John H. Durnin, CPA  
Brenda E. Jones, CPA

Member  
American Institute of  
Certified Public Accountants

1/2 Professional  
Corporation

Member  
Society of Certified  
Public Accountants

JUNE 4, 1997

## Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs

Mr. William B. Veranda, Chairman, and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the financial statements of Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 4, 1997.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit for the two years ended December 31, 1996, we considered the internal control structure of Fire Protection District No. 2 of Livingston Parish in order to determine our auditing procedures for the purpose of expressing our opinion on Fire Protection District No. 2 of Livingston Parish's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated June 4, 1997.

The management of Fire Protection District No. 2 of Livingston Parish is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, experience 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, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations.

# Durrin & James

-CERTIFIED PUBLIC ACCOUNTANTS-

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John S. Durrin, CPA  
Frank E. James, CPA

State  
Service Bureau of  
Greater Baton Rouge

\*Attachment  
Covered

8544  
Bureau of Internal  
Revenue

FEB 12, 1997

Mr. William H. Versado, Chairman, and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the general purpose financial statements of the Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, for the two years ended December 31, 1996, and have issued our report thereon dated June 5, 1997. Professional standards require that we provide you with the following information related to our audit.

#### **Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in our engagement letter dated August 19, 1996, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concepts of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Fire Protection District No. 2 of Livingston Parish. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Fire Protection District No. 2 of Livingston Parish's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Fire Protection District No. 2 of Livingston Parish are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1996 or 1995. We noted no transactions entered into by the Fire Protection District No. 2 of Livingston Parish during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

#### **Accounting Estimates**

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

No significant accounting estimates were required at December 31, 1992.

#### **Significant Audit Adjustments**

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Fire Protection District No. 3 of Livingston Parish that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements.

We proposed several audit adjustments related to accounts receivable and revenue. The corrections were not considered material in relation to the general purpose financial statements of the Fire Protection District No. 3 of Livingston Parish. The Fire District has agreed to the proposed audit adjustments and will record the adjustments in the accounting records of the Fire Protection District No. 3 of Livingston Parish for the two years ended December 31, 1992.

#### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### **Consultations with Other Independent Accountants**

To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the past year that are subject to the requirements of Statement on Auditing Standards No. 88, "Reports on the Application of Accounting Principles."

#### **Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing our audit.

Fire Protection District No. 2 of Livingston Parish  
June 12, 1987  
Page Three

This report is for the information of management and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board of Commissioners of the Fire Protection District No. 2 of Livingston Parish, is a matter of public record.

Respectfully submitted,

*Dennis E. James*  
DENNIS E. JAMES, JR.

DLS/ldm

\*\*\*\*\*



# Durnin & James

• CERTIFIED PUBLIC ACCOUNTANTS •

Allen H. Durnin, CPA  
Dennis E. James, CPA

Members  
American Institute of  
Certified Public Accountants

75 Eastman  
Towers

Members  
Louisiana Institute of  
Certified Public Accountants

June 6, 1997

**Independent Auditor's Report on Compliance  
Based on an Audit of General Purpose  
Financial Statements Performed in Accordance  
with Government Auditing Standards**

Mr. William S. Yarnale, Chairman and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the financial statements of the Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 6, 1997.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Auditing State and Local Governments." Those standards and OMB Circular A-133 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 the Fire Protection District No. 2 of Livingston Parish, is the responsibility of Fire Protection District No. 2 of Livingston Parish'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 Fire District's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective 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 management, the Louisiana Legislative Auditor and the census bureau. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully submitted,

  
DURNIN & JAMES, CPAs

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL  
CONTROL STRUCTURE USED IN ADMINISTERING  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

**FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH**

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

**Accounting Controls:**

- Cash receipts
- Cash disbursements
- Grants and similar programs

**Administrative Controls:**

**General Requirements:**

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

**Specific Requirements:**

- Type of services allowed or unallowed
- Reporting

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the two years ended December 31, 1994, Fire Protection District No. 2 of Livingston Parish had no major Federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance programs:

- United States Department of Agriculture, Community
- Facilities Loans

We performed tests of controls, as required by OMB Circular E-118, to evaluate the effectiveness of the design and operations of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all

invoices by each board member initialing the face of the invoice.

**Management's Response:** In a letter dated June 21, 1999, the Fire District stated that it will keep all invoices for review and approval of payment by the board, and approval will be documented on the face of the invoices.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure element does not reduce to a relatively low level the risk that errors or 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 the reportable conditions described above regarding approved vendor invoices to be a material weakness.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully submitted,



DURBIN & AMES, INC.

INDEPENDENT MONITOR'S REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

FIRE PROTECTION DISTRICT NO. 2 OF LIVERMONT TOWNSHIP

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 considered 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.

**ACCOUNTING APPLICATIONS**

In applying our testing procedures to your accounting applications, we noted the following areas which need to be strengthened in an effort to increase internal control over your finances:

**1. Revenue, Receivable and Receipts - Governmental Funds**

**State Revenue Sharing Funds:**

**Condition:** During our audit and testing of governmental fund revenues, we noted the Fire District presently levies a tax mill ad valorem tax but does not receive state revenue sharing funds to which it may be eligible. Improvement is needed in this area to insure that the Fire District obtain all revenue to which it is eligible. This condition appears to have been an oversight on the part of the board and results in a significant loss of available revenue for the Fire District each year.

**Recommendation:** We recommend the Fire District contact its state legislator and request inclusion in Section 9.8. of the revenue sharing act for the upcoming legislative session.

**Management's Response:** In a letter dated June 21, 1997, the Fire District stated that it will contact its state legislator and request inclusion in Section 9.8. of Revenue Sharing Act to receive state revenue sharing funds.

**2. Expenditures For Goods and Services and Accounts Payable**

**Approved Vendor Invoices:**

**Condition:** During our audit and testing of such disbursements, we noted one instance in which a paid invoice could not be located. Improvement is needed in this area to insure that all expenditures are properly documented and approved. Such approval by the board should be documented by initialing the face of the invoice. The cause of this condition appears to be an oversight on the part of the board and results in an instance of expenditure documentation insufficient.

**Recommendation:** We recommend the board be required to review and approve all invoices prior to payment and such approval be documented on the face of each

FIRE PROTECTION DISTRICT NO. 2 OF LEVINGSTON DENNIS

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Dennis J. Dennis*  
Dennis J. Dennis, CPA

INDEPENDENT MEMBER'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO HOMESIDE  
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS



# Durnin & James

REGISTERED PUBLIC ACCOUNTANTS

John M. Durnin, CPA  
Thomas J. James, CPA

Member  
American Institute of  
Certified Public Accountants

167 East  
Ferguson

Member  
Society of Economic  
Certified Public Accountants

June 4, 1987

Independent Auditor's Report on Compliance  
with Specific Requirements Applicable to Nonmajor  
Federal Financial Assistance Program Transactions

Mr. William B. Wernick, Chairman, and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the financial statements of Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of and for the two years ended December 31, 1986, and have issued our report thereon dated June 4, 1987.

In connection with our audit of the general purpose financial statements of Fire Protection District No. 2 of Livingston Parish, and with our consideration of Fire Protection District No. 2 of Livingston Parish's internal structure used to administer Federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the two years ended December 31, 1986.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of questions allowed or disallowed, and reporting that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Fire Protection District No. 2 of Livingston Parish's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, owing due to our attention that caused us to believe that Fire Protection District No. 2 of Livingston Parish had not complied, in all material respects, with these requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with these requirements.

This report is intended for the information of the management, the Louisiana Legislative Auditor and the Census Bureau. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

*Durnin & James*

DURNING & JAMES, CPAs

12

INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS

John H. Durnin, CPA  
David A. James, CPA

MEMBER  
FEDERATION OF  
CERTIFIED PUBLIC ACCOUNTANTS

75 Robinson  
Springfield

MEMBER  
SOCIETY OF CHARTERED  
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 9, 1997

## Independent Auditor's Report on Schedule of Federal Financial Assistance

Mr. William M. Yarbrough, Chairman, and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the financial statements of Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of and for the two years ended December 31, 1996, and have issued our report thereon dated June 9, 1997. These general purpose financial statements are the responsibility of Fire Protection District No. 2 of Livingston Parish management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Auditing of State and Local Governments." These standards and OMB Circular A-133 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Fire Protection District No. 2 of Livingston Parish, Springfield, Louisiana, taken as a whole. The accompanying schedule of Federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it fairly presents in all material respects its relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

*Durnin & James*  
DURNIN & JAMES, CPAs

FIVE PROVISIONS DISTRICT NO. 1 OF GOVERNMENT WARREN  
 (A composite part of the Allegations Bureau Below Duty)  
 Springfield, Virginia

RECORD OF PERSONAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED December 31, 1964

FEDERAL TRANSFERRING OFFICER — NAME —	FEDERAL DONOR — NAME —	OFFICIAL JOB — TITLE —	AMOUNT PAID	BY DATE	REASON (PURPOSE)	FORM IDENTIFICATION/ DESCRIPTION	ISSUED DATE
			25.00	4-28-64			1-28-64

D. A. Department of Agriculture

\*Community Assistance Funds

\*Collection Certificates of Individuals Issued by the FIVE DISTRICT BUREAU BY UNITED STATES DEPARTMENT OF AGRICULTURE, FEDERAL GOVERNMENT, WASHINGTON, DISTRICT OF COLUMBIA, UNITED STATES OF AMERICA

See Auditor's Report.

FIRE INSURANCE DIVISION NO. 1 OF COMMONWEALTH OF MASSACHUSETTS  
 2, Devonshire St. of the Lexington Branch Building  
 Springfield, Massachusetts

STATEMENT OF PREMIUMS RECEIVED

FOR THE YEAR ENDING DECEMBER 31, 1959

PREMIUM RECEIVED FROM	TERMS OF	RENEWAL	REMARKS	DATE	AMOUNT	DATE	REMARKS	DATE	AMOUNT
U.S. Department of Agriculture	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59
Community Fertilizer Sales	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59	12-31-59

Additional conditions or coverages shown by the fine printed back by United States Department of Agriculture, Farmers Home Administration printed by an appropriate clause of all policies are separate.

See Auditor's Report.

ST JAMES 89:37

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**TO BE KEPT ON**  
These reports  
shall remain the  
property of the  
State and shall  
not be loaned

FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
IS COMPONENT UNIT OF THE LIVINGSTON PARISH POLICE JURY  
SPRINGFIELD, LOUISIANA.

**GENERAL PURPOSE FINANCIAL STATEMENTS**

As of and For the Year Ended December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. This 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: Feb. 1, 2000

FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
 14 Compensated Work of the Livingston Parish Police Jury  
 Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

	1996 Authorized and Levied <u>Millage</u>	1995 Authorized and Levied <u>Millage</u>
General Fund	10.00	10.00

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the Fire District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Payments from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Livingston Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Livingston Parish. The taxes are generally collected in December of the current year and January and February of the following year. For 1996, the Fire District levied 10.00 mills for a total tax levy of \$51,479 on taxable property valuations totaling \$5,147,790. For 1995, the Fire District levied 10.00 mills for a total tax levy of \$48,148 on taxable property valuations totaling \$4,814,788.

3. **CASH AND CASH EQUIVALENTS**

At December 31, 1996, the Fire District had cash and cash equivalents (bank balances) totaling \$24,327, as follows:

Interest bearing demand deposits	\$24,327
----------------------------------	----------

The bank 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 financial 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 financial agent. These securities are held in the name of the pledging financial agent bank in the holding or custodial bank that is mutually acceptable to both parties. At December 31, 1996, the Fire District had \$24,400 in bank deposits (collected bank balances).

These deposits are secured from risk as follows:

Bank balances	\$24,327
Federal deposit insurance	14,400
Uncollateralized (negative) FDIC pledged securities	—
<b>Total</b>	<b>\$24,327</b>

FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
 IS COMPOSED ENTIRELY OF THE LIVINGSTON PARISH POLICE JURY  
 Springfield, Louisiana

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1954

	GOVERNMENTAL		ACCOUNT GROUPS		TOTAL DOLLARS
	FIXED	GENERAL	FIXED	GENERAL	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	
<b>ASSETS AND OTHER DEBITS</b>					
Assets:					
Cash and cash equivalents	\$ 54,327	\$ -	\$ -	\$ -	\$ 54,327
Receivables:					
No balance due					
Cash on allowances for sales tax (Sales)	50,478	-	-	-	50,478
Land, buildings and equipment	-	382,378	-	-	382,378
Other Debits:					
Amount to be provided for retirement of general long-term debt	-	-	45,332	45,332	45,332
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$104,805</b>	<b>\$382,378</b>	<b>\$45,332</b>	<b>\$45,332</b>	<b>\$578,893</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Deductions from ad- valorem taxes payable certificates of indebtedness	1,803	-	-	-	1,803
	-	-	45,332	45,332	45,332
<b>TOTAL LIABILITIES</b>	<b>\$ 1,803</b>	<b>\$ -</b>	<b>\$ 45,332</b>	<b>\$ 45,332</b>	<b>\$ 97,135</b>
Fund Equity:					
Investment in general fixed assets	\$ -	\$182,378	\$ -	\$ -	\$182,378
Fund balances:					
Unreserved - undesignated	186,904	-	-	-	186,904
<b>TOTAL Fund Equity</b>	<b>186,904</b>	<b>182,378</b>	<b>-</b>	<b>-</b>	<b>369,282</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$200,509</b>	<b>\$182,378</b>	<b>\$ 45,332</b>	<b>\$ 45,332</b>	<b>\$578,893</b>

The accompanying notes are an integral part of this statement.



FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
 is a component unit of the Livingston Parish Police Jury's  
 Springfield, Louisiana.

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 For The Two Years Ended December 31, 1995

	1995	1994
<b>REVENUES</b>	12,010.00	12,010.00
Ad valorem taxes	\$ 51,000	\$ 49,750
Intergovernmental:		
Fire insurance premium rebates	10,000	10,000
State Grant	-	500
Interest earnings	500	700
Public donations	-	10,000
Other income	4,100	3,000
Total revenues	\$ 66,000	\$ 63,950
<b>EXPENDITURES</b>		
Public Safety:		
Ad valorem tax collection fee	1,000	1,000
Insurance	10,000	10,000
Licenses, taxes, & permits	-	200
Office supplies	200	100
Operation supplies	-	2,000
Professional fees	1,000	2,000
Repairs and maintenance	1,000	2,000
Salaries	5,000	5,000
Other	400	-
Capital outlay	4,000	10,000
Debt service	-	10,000
Total expenditures	\$ 22,600	\$ 42,300
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	\$ 43,400	\$ 21,650
<b>FUND BALANCES:</b>		
BEGINNING OF YEAR	43,300	41,375
END OF YEAR	\$106,700	\$ 63,025

The accompanying notes are an integral part of this statement.

FEB DISTRIBUTION STATEMENT NO. 3 OF LICENSURED FINANCIAL  
 A COMPANY PART OF THE LITIGATION PERIOD (Before Final  
 Accounting, Securities)

GENERAL FUND

STATEMENTS OF ASSETS, LIABILITIES AND EQUITY OF THE MANAGERS, INVESTMENT MANAGEMENT COMPANY, INC.  
 For the Two Years Ended December 31, 1994

	1994		1993		1992	
	ASSETS	LIABILITIES AND EQUITY	ASSETS	LIABILITIES AND EQUITY	ASSETS	LIABILITIES AND EQUITY
<b>ASSETS</b>						
At balance from:						
Investment Management Company	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Public Securities	1,000	1,000	1,000	1,000	1,000	1,000
Cash	1,000	1,000	1,000	1,000	1,000	1,000
Total	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Total Investment	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<b>LIABILITIES</b>						
At balance from:						
Investment Management Company	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Public Securities	1,000	1,000	1,000	1,000	1,000	1,000
Cash	1,000	1,000	1,000	1,000	1,000	1,000
Total	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Total Investment	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
<b>EQUITY</b>						
At balance from:						
Investment Management Company	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Public Securities	1,000	1,000	1,000	1,000	1,000	1,000
Cash	1,000	1,000	1,000	1,000	1,000	1,000
Total	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Total Investment	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
 15 Campbell Walk off the Livingston Parish Police Jury  
 Springfield, Louisiana

**INDEX TO THE FINANCIAL STATEMENTS**

AS OF and FOR the Two Years Ended December 31, 1998

Introduction	v
1. Summary of Significant Accounting Policies	v
A. Basis of Presentation	v
B. Financial Reporting Policy	7 - 8
C. Fund Accounting	8 - 8
D. Basis of Accounting	9
E. Budgets	18
F. Encumbrances	18
G. Cash and Cash Equivalents and Investments	10 - 21
H. Intermunicipal	21
1. Unpaid Items	21
J. Fixed Assets	22
K. Compensated Absence	22
L. Long-Term Obligations	22
M. Total Columns on Statements	22
2. Levied Taxes	22
3. Cash and Cash Equivalents	22
4. Receivables	22
5. Changes in General Fixed Assets	22
6. Pension Plan	22
7. Other Postemployment Benefits	22
8. Leases	22
9. Changes in Long-Term Obligations	22
10. Compliance with Loan Covenants	24 - 25
11. Compensation Paid Board Members	25

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
IS COMPONENT PART OF THE Livingston Parish Police Jury  
Springfield, Louisiana

**NOTE TO THE FINANCIAL STATEMENTS**

As of and for the Two Years Ended December 31, 1995

**INTRODUCTION**

The Fire Protection District No. 2 of Livingston Parish (hereinafter referred to as the "Fire District") was created on June 16, 1971, by the Livingston Parish Police Jury as authorized by Act 194 of 1970 regular session of the Louisiana Legislature. The Fire District was created for the purpose of acquiring, maintaining, and operating buildings, machinery, equipment, water tanks, water hydrants and waterlines, and other things necessary to provide proper fire prevention and control of the property within the Fire District. The boundaries of the Fire District encompass all of Ward 4 and Ward 18 of Livingston Parish and provide fire protection to approximately 8,000 residents. The Fire District is governed by a Board of Commissioners consisting of five members who are resident taxpayers of the Fire District. Three five commissioners are referred to as the Board of Commissioners. Two members are appointed by the Livingston Parish Police Jury, one member is appointed by the town of Springfield and one member is appointed by the Village of Billine, the municipal corporations located within the Fire District. The fifth board member is selected by the other four board members and serves as chairman. The members serve terms of two years. Vacancies are filled by the bodies making the original appointments.

In accordance with Louisiana Revised Statute 49:1408, board members may be paid \$40 per meeting and to attend two meetings in any one calendar month. At the present time, no commission is paid to any board member for their service on the board. The Fire District has one paid employee who performs clerical functions. All services are performed by volunteer firemen. The Fire District maintains an office and fire station in Springfield, Louisiana, and three additional fire stations within the district in the communities of Billine, Lizard Creek and Bayou Barbery.

**1. NATURE OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Fire 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. FINANCIAL REPORTING ENTITY**

As the governing authority of the Parish, for reporting purposes, the Livingston Parish Police Jury is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) 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.

FIVE DISTRICT OF LOUISIANA NO. 1 OF LIVINGSTON PARISH  
14 Component Unit of the Livingston Parish Jury  
Springfield, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Governmental Accounting Standards Board Statement No. 18 established criteria for determining which component units should be considered part of the Livingston Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with 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.

Because the police jury appoints the board members and has approval over their taxing authority, the Five District was determined to be a component unit of the Livingston Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the Five 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 Five District uses funds 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 available financial resources.

The various funds are grouped, in the financial statements in this report, into one generic fund type and two broad fund categories as follows:

FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
14 Corporate Bldg. of the Livingston Parish Police Jury  
Springfield, Louisiana

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**GOVERNMENTAL FUND TYPES**

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

**B. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The 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 the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

All valorem taxes are recorded in the year the taxes are assessed. All 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.

Interest income represents amounts earned on checking accounts with financial institutions. Interest earned on checking accounts is 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 not recognized until due.

**Other Financing Sources (Uses)**

Proceeds from the sale of equipment are accounted for as an other financing source and recorded when the sale occurs. Transfers in (out) are accounted for as an other financing source (used) and recorded when the transfer occurs. Proceeds from the issuance of certificates of indebtedness are recorded as other financing sources when received.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN ASSESSMENT OF GENERAL DISPOSEE  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
IN Compliance With the Livingston Parish Police Jury  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS FURNISHED

their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at original cost.

**D. INVENTORIES**

The Fire District uses the purchase method for accounting for expenditures supplied whereby expenditures are recognized when the items are purchased. The Fire District did not record any inventory as December 31, 1996.

**E. PREPAID ITEMS**

The Fire District did not record any prepaid items as December 31, 1996.

**F. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group.

Public works or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

**G. COMPENSATED ABSENCES**

The Fire District has one paid employee and does not pay for vacation or sick leave. Therefore, the Fire District has no liability for compensated absences as December 31, 1996.

**H. LONG-TERM OBLIGATIONS**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

**I. TOTAL COLUMNS ON 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.



GENERAL PURPOSE FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
 IS Component Unit of the Livingston Parish Police Jury  
 Springfield, Louisiana

NOTE TO THE FINANCIAL STATEMENTS (CONTINUED)

4. **RECEIVABLES**

The following is a summary of receivables as December 31, 1994:

Class of Receivable	General Fund
All values taxes	\$ 13,479
Loss allowance for uncollectible ad valorem taxes	3,080
Total	\$ 16,559

5. **CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Land	Buildings	Equipment	Total
Balance, January 1, 1994	\$ 8,000	\$ 84,424	\$ 278,385	\$ 370,809
Additions for the Year Ended:				
December 31, 1993	-	-	18,813	18,813
December 31, 1994	-	558	4,664	5,222
Retirements for Year Ended:				
December 31, 1993	-	-	-	-
December 31, 1994	-	-	-	-
Balance, December 31, 1994	\$ 8,000	\$ 84,982	\$ 297,057	\$ 389,939

6. **PENSION PLAN**

The Fire District has no pension plan.

7. **OTHER POSTEMPLOYMENT BENEFITS**

The Fire District has no other postemployment benefits.

8. **LEASES**

The Fire District records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases as December 31, 1994:

On June 18, 1993, the Fire District entered into a ten year lease with the Village of Millins, Louisiana, for a tract of land around an existing fire station. The lease provides for an annual rental of six per year provided however, that the lease will terminate whenever the property is no longer used as a fire station.

FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
 A Component Unit of the Livingston Parish Police Jury  
 Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of debt transactions for the Fire District for the two years ended December 31, 1994:

	<u>Certificate of Indebtedness</u>
Balance at December 31, 1993	\$ 22,328
Increase in debt:	
September 31, 1994	-
December 31, 1994	-
Principal Payments:	
December 31, 1993	18,739
December 31, 1994	<u>          </u>
Balance at December 31, 1994	<u>\$ 22,328</u>

Long-term debt at December 31, 1994, is comprised of the following:

Certificate of Indebtedness:

\$128,000 BOLS Payable to U.S. DEPARTMENT  
 of Agriculture, Farmers Home Administration,  
 Hammond, Louisiana, dated September 28, 1981,  
 payable in nine (9) consecutive annual payments  
 of \$21,834.88 including accrued interest at 8 7/8%. \$ 22,328

Payments of Certificate of Indebtedness principal and interest are secured by and payable from the irrevocable dedication and pledge of the funds to be derived from the levy and collection of a special ad valorem tax of ten (10) mills to be levied in each of the years 1989 through 1999 inclusive.

The annual requirements to service all debt outstanding at December 31, 1994, is as follows:

	<u>CERTIFICATE OF INDEBTEDNESS</u>		
<u>Year Ended</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
December 31			
1997	\$ 3,873	\$ 18,862	\$ 22,735
1998	3,833	18,123	21,956
1999	3,568	20,248	23,816
2000	<u>      </u>	<u>7,308</u>	<u>7,308</u>
	<u>\$ 8,274</u>	<u>\$ 55,541</u>	<u>\$ 63,815</u>

10. COMPLIANCE WITH LOAN COVENANTS

The Fire District, through its governing authority, adopted a resolution on July 15, 1981, authorizing the issuance of Certificate of Indebtedness in the amount of \$128,000 for the purpose of purchasing fire trucks and other fire fighting equipment and for acquiring and constructing a fire station. In that resolution, the Fire District agreed to certain loan covenants in connection with the security and

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

INDEX TO THE FINANCIAL STATEMENTS (CONTINUED)

payment of the certificates of indebtedness. The major covenants contained in the resolution and the manner in which the Fire District has complied with these covenants is described as follows:

**Sinking Fund Requirement** - Section 9 of the authorizing resolution requires the Fire District to "create a special fund to be known as 'Certificates of Indebtedness Sinking Fund' to be established and maintained with the regularly designated fiscal agent bank of the Fire District." The Fire District "shall deposit in the Sinking Fund from the first tax revenues received in any calendar year, a sum equal to the principal and interest falling due on the certificates in that calendar year."

The Fire District did not create a Certificates of Indebtedness Sinking Fund as required by Section 9 of the authorizing resolution.

**Audit Requirement** - Section 18 of the authorizing resolution requires that "not later than three (3) months after the close of each fiscal year, the Fire District shall cause an audit of its books and accounts to be made by the legislative auditor or an independent firm of certified public accountants."

The Fire District did not have an audit performed for the year ended June 30, 1993, as required by Section 18 of the authorizing resolution.

The Farmers Home Administration which owns 100% of the outstanding certificates of indebtedness has agreed, in writing, to waive the annual audit requirement and sinking fund requirement for the two years ended December 31, 1994.

**11. COMPENSATION PAID BOARD MEMBERS**

Louisiana Revised Statute 48-1408 provides that each member of the Fire District may receive compensation in the amount of thirty dollars per meeting, not to exceed ten meetings in any one calendar month. At the present time, the Fire District does not pay compensation to board members.

SUPPLEMENTARY DEFINITION

OTHER REPORTS REQUIRED BY  
GOVERNMENT ACCOUNTING STANDARDS AND THE CIRCULAR 3-108

INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL STRUCTURE BASED ON AN AUDIT OF  
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH COMMONWEALTH AUDITING STANDARDS

# Durnin & James

-CERTIFIED PUBLIC ACCOUNTANTS-

John P. Durnin, CPA  
Ronald E. James, CPA

Members  
American Institute of  
Certified Public Accountants

As Practicing  
Certified

Members  
Institute of Certified  
Public Accountants

June 6, 1997

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

Mr. William B. Strydom, Chairman and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the general purpose financial statements of the Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, for the two years ended December 31, 1996, and have issued our report thereon dated June 6, 1997.

We have conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget Circular A-133, "Audits of State and Local Governments." These standards and OMB Circular A-133 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 Fire Protection District No. 2 of Livingston Parish, 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 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 the Fire Protection District No. 2 of Livingston Parish, for the two years ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the



FIRE PROTECTION DISTRICT NO. 3 OF LIVINGSTON PARISH  
A Component Unit of the Livingston Parish Police Jury  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**E. BUDGETS**

The Fire District uses the following budget practices:

1. The Fire District prepares budgets on the modified accrual basis of accounting. The Fire District adopted budgets for the general fund for 1995 and 1996.
2. The Fire District's secretary and fire chief prepare the proposed budget and submit same to the chairman and board of commissioners no later than fifteen days prior to the beginning of each fiscal year. The proposed budgets for 1995 and 1996 were presented to the chairman and board of commissioners on November 15, 1994, and December 18, 1995, respectively.
3. The board of commissioners after reviewing the proposed budget submitted by the secretary and fire chief adopt the budget by majority vote. The budgets for 1995 and 1996 were adopted by the board of commissioners on December 22, 1994, and December 18, 1995, respectively.
4. Budgetary amendments require the approval of the chairman and board of commissioners. The 1995 and 1996 budgets were amended on November 21, 1995, and on December 15, 1996, respectively.
5. All budgetary appropriations lapse at year-end.
6. Formal budgetary integration is not employed; however, periodic budget reconciliations are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts and all subsequent budget amendments.

**F. ENCUMBRANCES**

The Fire District does not utilize encumbrance accounting.

**G. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Fire 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.

Under state law, the Fire District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if