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LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BOSTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1998

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

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WILLIAM R. HULSEY
CERTIFIED PUBLIC ACCOUNTANT
IN FLORETTA AVENUE
MONROE, LOUISIANA

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MEMBER AMERICAN
INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Bastone, Louisiana

I have audited the accompanying general purpose financial statements of Lincoln Parish Fire Protection District No. 1 as of December 31, 1997, and for the year then ended. These financial statements are the responsibility of the management of Lincoln Parish Fire Protection District No. 1. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the accounts 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 to above present fairly, in all material respects, the financial position of Lincoln Parish Fire Protection District No. 1, as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

WILLIAM R. HULSEY
Certified Public Accountant


June 25, 1998

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 COMBINED BALANCE SHEET -
 ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1997

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Replacement Fund</u>
Assets:			
Cash	\$ 183,075	\$ 654,831	\$ 153,879
Investments	182,073	59,903	778,225
Unamortized Bond Premium	-	3,236	-
Receivables (part of allowance)	165,293	146,881	-
Taxes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
General fixed assets	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long term debt	-	-	-
TOTAL ASSETS	<u>\$ 450,368</u>	<u>\$ 864,841</u>	<u>\$ 1,126,103</u>
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	\$ 11,877	\$ -	\$ 153,785
Due to other fund	-	-	-
General obligation bonds	-	-	-
Total liabilities	<u>11,877</u>	<u>-</u>	<u>153,785</u>
Fund Equity:			
Investment in general fixed assets	-	-	-
Fund balance:			
Reserved for debt service	-	864,841	-
Reserved for equipment replacement	-	-	880,317
Unreserved	438,307	-	-
Total fund equity	<u>438,307</u>	<u>864,841</u>	<u>880,317</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 450,368</u>	<u>\$ 864,841</u>	<u>\$ 1,126,103</u>

Account Groups		
General Fund Assets	General Long-Term Debt	Total (Monomaxium Debt)
\$ -	\$ -	\$ 1,115,885
-	-	1,028,198
-	-	3,236
-	-	911,218
-	-	-
-	-	-
-	-	-
3,994,934	-	3,994,934
-	866,141	866,141
<u>-</u>	<u>3,038,859</u>	<u>3,038,859</u>
<u>\$ 3,994,934</u>	<u>\$ 3,985,000</u>	<u>\$ 3,250,561</u>
\$ -	\$ -	\$ 664,862
-	-	-
<u>-</u>	<u>2,985,000</u>	<u>2,985,000</u>
<u>-</u>	<u>2,985,000</u>	<u>3,660,862</u>
3,994,934	-	3,994,934
-	-	866,141
-	-	860,317
<u>-</u>	<u>-</u>	<u>459,382</u>
<u>3,994,934</u>	<u>-</u>	<u>4,280,689</u>
<u>\$ 3,994,934</u>	<u>\$ 2,985,000</u>	<u>\$ 3,250,561</u>

The accompanying notes to financial statements are an integral part of these statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BIXTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1997

	Governmental
	General Fund
Revenues:	
Taxes	\$ 36,740
Fees and other non-tax revenue	462,340
Grants	488
Other revenues	12,817
Total revenues	502,385
Expenditures:	
Current	
Public safety	
Salaries and benefits	86,351
Bad debts	29,000
Insurance and surety bonds	43,799
GIS Mapping	20,000
Professional services	3,872
Uniforms	4,218
Utilities	15,382
Vehicle expenditures	13,000
Maintenance	11,525
Education and training	588
Telephone	1,218
Office supplies	5,267
Publications, dues and subscriptions	4,261
Equipment rental	540
Travel	1,572
Miscellaneous	388
Leases and taxes	8,129
Debt service	
Principal	-
Interest and fees	-
Capital outlay	16,635
Total expenditures	261,821
Excess (deficiency) of revenues over expenditures	240,564
Other financing sources (uses):	
Opening transfers in	-
Opening transfers out	(236,728)
Total other financing sources (uses)	(236,728)
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,836
Fund balance, beginning	437,285
Prior period adjustment	(628)
Fund balance, ending	\$ 439,393

Fund Type		Total (Memorandum Only)
Debt Service Fund	Equipment Replacement Fund	
\$ 484,840	\$ -	\$ 511,583
-	-	467,740
-	-	488
<u>56,898</u>	<u>58,264</u>	<u>88,671</u>
<u>541,738</u>	<u>58,264</u>	<u>1,061,282</u>
-	-	86,161
9,700	-	58,780
-	-	81,549
-	-	20,080
-	-	3,357
-	-	4,514
-	-	15,182
-	-	13,090
-	-	11,255
-	-	388
-	-	3,318
-	-	5,167
-	-	4,241
-	-	589
-	-	1,375
-	-	388
-	-	8,179
228,800	-	228,080
<u>186,437</u>	<u>165,182</u>	<u>386,437</u>
-	-	<u>181,820</u>
<u>418,137</u>	<u>165,182</u>	<u>603,123</u>
<u>85,594</u>	<u>(186,923)</u>	<u>218,129</u>
-	236,778	236,778
-	-	(236,778)
-	<u>236,778</u>	-
85,594	179,857	218,129
780,547	850,468	2,868,772
<u>\$ 866,141</u>	<u>\$ 589,317</u>	<u>\$ 2,385,715</u>

The accompanying notes to financial statements are an integral part of these statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BUSTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1997

	Budget	General Fund Actual	Variance
Revenues:			
Taxes	\$ 36,740	\$ 36,740	\$ -
Fees and other non tax revenue	461,140	461,140	-
Grants	488	488	-
Other revenues	13,000	12,917	(83)
Total revenues	<u>501,473</u>	<u>501,287</u>	<u>(186)</u>
Expenditures:			
Public safety			
Salaries and benefits	89,055	86,160	2,894
Fuel costs	29,000	29,000	-
Insurance and safety funds	18,800	41,508	(2,709)
GIS Mapping	20,000	20,000	-
Professional services	3,000	3,017	(17)
Uniforms	4,500	4,514	(14)
Utilities	17,000	15,700	1,300
Vehicle expenditures	13,000	13,000	400
Maintenance	11,000	11,517	(517)
Education and training	600	588	12
Telephone	3,500	3,318	182
Office supplies	2,500	2,387	113
Publications, dues and subscriptions	4,375	4,361	14
Equipment rental	500	500	-
Travel	1,575	1,575	-
Miscellaneous	200	208	(8)
Leases and fees	8,334	8,329	5
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	17,000	16,835	165
Total expenditures	<u>284,659</u>	<u>261,831</u>	<u>2,828</u>
Excess (deficiency) of revenues over expenditures	<u>216,778</u>	<u>239,456</u>	<u>2,678</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(236,778)	(236,778)	-
Total other financing sources (uses)	<u>(236,778)</u>	<u>(236,778)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>2,678</u>	<u>\$ 2,678</u>
Fund balance, beginning		437,265	
Price period adjustment		(636)	
Fund balance, ending		<u>\$ 439,187</u>	

Budget	Debit Service Actual	Variance
\$ 484,841	\$ 484,841	\$ -
-	-	-
17,800	16,800	(1,000)
<u>502,641</u>	<u>501,641</u>	<u>(1,000)</u>
9,700	9,700	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
120,000	119,000	-
<u>182,440</u>	<u>182,437</u>	<u>3</u>
<u>416,580</u>	<u>416,137</u>	<u>443</u>
83,701	83,594	(107)
-	-	-
-	-	-
-	-	-
<u>\$ 83,701</u>	<u>83,594</u>	<u>(107)</u>
	780,547	
	<u>864,141</u>	

The accompanying notes to financial statements are an integral part of these statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BUSTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL BASIS AND ACTUAL -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1997

	Equipment Replacement Fund		
	Budget	Actual	Variance
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fees and other non-tax revenue	-	-	-
Grants	-	-	-
Other revenues	<u>43,800</u>	<u>38,284</u>	<u>5,516</u>
Total revenues	<u>43,800</u>	<u>38,284</u>	<u>5,516</u>
Expenditures:			
Public safety			
Salaries and benefits	-	-	-
Bad debts	-	-	-
Insurance and safety bonds	-	-	-
GIS Mapping	-	-	-
Professional services	-	-	-
Utilities	-	-	-
Utilities	-	-	-
Vehicle expenditures	-	-	-
Maintenance	-	-	-
Education and training	-	-	-
Telephone	-	-	-
Office supplies	-	-	-
Publications, dues and subscriptions	-	-	-
Equipment rental	-	-	-
Travel	-	-	-
Miscellaneous	-	-	-
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	<u>137,000</u>	<u>163,185</u>	<u>26,185</u>
Total expenditures	<u>137,000</u>	<u>163,185</u>	<u>26,185</u>
Excess (deficiency) of revenues over expenditures	<u>(93,200)</u>	<u>(124,901)</u>	<u>31,701</u>
Other financing sources (uses):			
Operating transfers in	236,738	236,738	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>236,738</u>	<u>236,738</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 143,538</u>	<u>111,837</u>	<u>\$ 31,701</u>
Fund balance, beginning		850,468	
Prior period adjustment		-	
Fund balance, ending		<u>\$ 962,305</u>	

The accompanying notes to financial statements are an integral part of these statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Fire Protection District No. 1 of Ruston, Louisiana was created by resolution and adopted by the Police Jury on April 23, 1991. The governing body of the District consists of a seven member Board of Commissioners. Four of these commissioners are appointed by the municipalities of Doyouville, Dulichy, Simsboro, and the Town of Vienna. Three additional members are appointed by the Police Jury.

The accounting policies of Lincoln Parish Fire Protection District No. 1 conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Financial Reporting Entity

This report includes the funds and account groups which are controlled by the Board of Commissioners. Control by the District is determined on the basis of appointment of governing body and other general oversight responsibility. The accompanying financial statements are intended to present the financial position and results of operations of only the transactions of the Fire Protection 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 the funds are accounted for by providing a separate set of self-balancing accounts which are comprised of the fund's assets, liabilities, fund equity, revenues and expenditures. The fund is grouped, in the financial statements in this report, into one generic fund type and broad fund category as follows:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund

This fund is established to account for resources devoted to financing the general services that the Fire Protection District performs. Fees and other revenues used to finance the fundamental operations of the Fire Protection District are included in this fund. The fund is charged with all costs of operating the Fire Protection District for which a separate fund has not been established.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BOSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Equipment Replacement Fund

This fund is established to reserve funds for the replacement of equipment when necessary.

In addition to the governmental fund types, the Fire Protection District also maintains two account groups as described below:

General Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. The governmental fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its balance sheet. Its 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 spendable resources" during a period.

Fixed assets used in the governmental fund type operations are accounted for in the general fixed assets account group, rather than in the governmental fund. No depreciation has been provided on such general fixed assets. Public domains or infrastructures are not capitalized. All fixed assets are valued at historical cost.

General Long-Term Debt Account Group

This account group is used to account for the outstanding principal balance of general obligation bonds and other long-term debt not recorded in proprietary funds.

The account group is not a "fund". Its purpose is to measure financial position, not results of operations.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

The governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized 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.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

Revenues

Ad Valorem Taxes

Ad valorem taxes and related state revenue sharing (which is based on assessments of business property and households in the parish) are recorded in the year the taxes are assessed. Ad 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 following year.

Budgets and Budgetary Accounting

The budgets for the funds are prepared by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles. Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year end, all appropriations lapse.

Encumbrance Accounting

Encumbrance accounting, whereby outstanding purchase commitments are recorded, is not employed by the District.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The District's policy is to include short-term interest bearing deposits having a maturity of three months or less as cash equivalents in the financial statements.

Louisiana statutes permit the District to invest in United States' bonds, treasury notes, or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

Valuation of Carrying Amounts of Deposits

Cash is reported at net book value - the December 31, 1997, bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Memorandum Only - Total Column

The total column on the Combined Statement is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Intertal Receivables and Payables

Due To and Due From Other Funds

Intertal receivables and payables arising from interfund transactions expected to be repaid in the next accounting cycle are recorded by all funds affected in the period in which transactions are executed. Intertal receivables and payables have not been eliminated.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances To and Advances From Other Funds

Interfund receivables and payables represent those that are not expected to be repaid during the next accounting cycle.

Compensated Absences

The following annual and sick leave policies are in effect:

Employees accrue from five to fifteen days of annual and sick leave each year depending on years of service with the District. Annual leave must be used in the year it is earned. Sick leave, up to a maximum of fifteen days, may be carried forward to the next year for major illnesses only. Upon separation, all unused sick leave lapses.

A provision for the compensated absences has been determined to be immaterial by the Fire Protection District, therefore, no provision has been included in these component unit financial statements.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At year end, the carrying amount of the Fire Protection District's deposits was \$1,315,885, while the bank balance was \$575,837. The bank balance is categorized as follows:

Amount insured by FDIC and FSIC	\$ 200,000
Amount collateralized with securities held by the pledging financial institution's agent in the District's name	____375,837
Total bank balance	<u>\$ 575,837</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 KINSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets account group is as follows:

	Balance 12/31/96	Additions	Retirements	Balance 12/31/97
Fire trucks	\$ 3,132,709	\$ -	\$ -	\$ 3,132,709
Buildings	709,629	-	-	709,629
Site Improvements	161,596	-	-	161,596
Total	\$ 3,999,934	\$ -	\$ -	\$ 3,999,934

NOTE 4 - INVESTMENTS

Investing is performed in accordance with investment policies complying with state statutes and the District's charter. The investments of the District are categorized to give an indication of the level of risk assumed by the District at December 31, 1997. The categories are described as follows:

- Category 1 - Insured or registered, with securities held by the entity or its agents in the entity's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, in its trust department in the entity's name.

Investments categorized by level of risk, are:

	Category			Carrying Amount	Fair Value
	1	2	3		
Mortgage backed securities	\$ 75,718	\$ -	\$ -	\$ 75,718	\$ 69,432
U. S. Government securities	246,480	-	-	246,480	244,160
Total investments	\$ 322,198	\$ -	\$ -	\$ 322,198	\$ 313,592

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 5 - ACCOUNTS RECEIVABLE

Property taxes, structure fines, and other receivables are shown net of an allowance for doubtful accounts.

	Total Receivable	Allowance for Doubtful Accounts	Net Receivable
Ad Valorem taxes	\$ 178,643	\$ 31,560	\$ 146,083
Structure fines	348,173	182,954	165,219
Other receivables	<u> 18</u>	<u> </u>	<u> 18</u>
Total	<u>\$ 526,834</u>	<u>\$ 214,514</u>	<u>\$ 312,320</u>

NOTE 6 - PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM

Plan Description

The Parochial Employees' Retirement System, a Public Employee Retirement System, is a cost sharing multiple-employer plan that is governed by the Louisiana Revised Statutes, Title II, Sections 1901 through 2015, specifically, and other general laws of the State of Louisiana.

Under the Parochial Retirement System, a member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit is equal to three percent of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death under certain conditions are payable to the retiree's surviving spouse and minor children.

The District's total payroll for the year ended December 31, 1997 was \$76,395 of which \$23,042 was the covered payroll for employees in the Parochial Retirement System. The District has one employee covered under this retirement system.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 6. PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM (Continued)

Description of Funding Policy:

Covered employees are required by state statute to contribute 9.54% of their salary to the Parochial Retirement System. The Parish contributions are 7.25% of their salary. The contribution requirement for the year ended December 31, 1997 was \$3,860 which consists of \$2,189 from employees and \$1,671 from the District.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credit projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The Parochial Retirement System does not conduct separate measurements of assets and pension benefit obligations for individual employers. The benefit obligation at December 31, 1996 (the latest date for which such information was available at the date of this report) for the Parochial Retirement System as a whole, determined through an actuarial valuation performed as of that date was \$815,248,056. The Parochial Retirement System's net assets available for benefits on that date were \$701,060,019, resulting in an unfunded pension benefit obligation of \$114,188,037. Historical trend information showing the system's progress in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report. The Lincoln Parish Police Jury does not guarantee the benefits granted by the System.

NOTE 7. PENSION PLAN - FIREFIGHTERS' RETIREMENT SYSTEM

Plan Description

The Firefighters' Retirement System is a defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana under the provisions of Louisiana Revised Statutes 11:0251 through 0269.

Under the Firefighters' Retirement System, a member is eligible for normal retirement if he has:

- 20 or more years of service and has attained age 50 or
- 15 years of service and has attained age 55 or
- 25 years of service at any age.

**LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997**

NOTE 7 - PENSION PLAN - FIREFIGHTERS' RETIREMENT SYSTEM (Continued)

Those employees meeting one of three requirements are entitled to annual pension benefits equal to 3.10% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 80%. Benefits vest upon rendering 32 years of service to the District. Employees may elect to receive their pension benefits in the form of joint and survivor annuity.

The District's total payroll for the year ended December 31, 1997 was \$70,385 of which \$23,042 was the covered payroll for employees in the Firefighters' Retirement System. The District has one employee covered under this retirement system.

Description of Funding Policy

Covered employees are required by state statute to contribute 8.0% of their salary to the Firefighters' Retirement System. The District's contribution is 9.0% of the employee's salary. The contribution requirement for the year ended December 31, 1997 was \$3,917 which consists of \$1,843 from employees and \$2,074 from the District.

The amount reported below as "pension benefit obligations" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in future years as a result of employee service to date. The measure is the actuarial present value of credit projected benefits and is intended to help assess across the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The Firefighters' Retirement System does not conduct separate measurements of assets and pension benefit obligations for individual employees. The benefit obligations at June 30, 1995, (the latest date for which such information was available at the date of this report) for the Firefighters' Retirement System as a whole, determined through an actuarial valuation as of that date was \$992,663,345. The Firefighters' Retirement System's net assets available for benefits as that date were \$352,382,368, resulting in a pension benefit asset of \$640,280,977. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report. The District does not guarantee the benefits granted by the System.

NOTE 8 - LEASE OBLIGATIONS

The Lincoln Parish Fire Protection District has entered into twenty leases for real property on which to locate fire stations. The leases have various commencing dates beginning in April 1993, and running through April 1998. All leases run for twenty-five years following the commencing date

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE E. LEASE OBLIGATIONS (Continued)

with an option for the district to renew the lease for an additional twenty-five years thereafter. All leases are for \$1 per year. Leases shall expire on their own terms if a fire station, fire protection facility or other similar structure is not constructed on the leased premises within twenty-four months from the date the agreement is executed by the lessee. Additionally, leases shall expire if the fire station, fire protection facility or other similar structure is not equipped with appropriate fire protection equipment or ceases to be used as a fire protection facility for a period of twenty-four consecutive months.

Because the leases are operating leases, no provision for the underlying property has been made in general fixed assets nor have the leases been reflected as general long term debt. The following is a schedule of future minimum lease payments:

Year Ending December 31,	Amount
1998	\$ 20
1999	20
2000	20
2001	20
2002	20
Later Years	<u>120</u>
Total minimum payments required	<u>\$ 420</u>

NOTE F. BONDS PAYABLE

The District issued \$4,000,000 of General Obligation Bonds in 1991. Bonds payable at December 31, 1997 are as follows:

\$3,325,000 1991 General Obligation Bonds dated April 1, 1991, due in annual installments of \$145,000 to \$425,000 through April 1, 2006, interest from 6.25% to 12%. This issue is payable from ad valorem tax.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 8 - BONDS PAYABLE (Continued)

The annual requirements to amortize the bonded debt outstanding as of December 31, 1997, including interest payments of \$897,608 are as follows:

Year Ending December 31,	General Obligation Bonds
1998	\$ 487,333
1999	412,508
2000	418,209
2001	418,533
2002	419,825
Later Years	<u>1,738,299</u>
Total	<u>\$3,882,607</u>

The following is a summary of the District's General Obligation Bond transactions for the years ended December 31, 1997:

Bonds outstanding, December 31, 1996	\$5,125,890
Retirements during 1997	<u>(238,890)</u>
Outstanding December 31, 1997	<u>\$2,887,000</u>

NOTE 10 - DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Fire Protection District No. 1 may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BLUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1997

NOTE 10 - DEFERRED COMPENSATION PLAN (Continued)

The deferred compensation plan is administered by PERSICO (Public Employees Benefit Service Corporation). Under the terms of an ERISA Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by PERSICO and paid or made available to the employees or beneficiaries, are the property of the District, subject only to the claims of the District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator. In the opinion of the District's legal counsel, the District has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 11 - LITIGATION

At December 31, 1997, according to the Parish District Attorney, the District had pending litigation, but adequate insurance coverage is afforded.

NOTE 12 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Board for the Fire Protection District receive no compensation.

NOTE 13 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget/Actual Unfavorable Variances

When comparing budget to actual expenditure amounts for the year ended December 31, 1997, the following funds had an unfavorable variance for expenditures, as summarized below:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Equipment Replacement Fund			
Total expenditures	\$ 157,800	\$ 165,985	\$(8,185)
General Fund			
Insurance and surety bonds	38,800	41,509	(2,709)

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**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 Commissioners
Lincoln Parish Fire Protection District No. 1
Baton, Louisiana

I have audited the financial statements of Lincoln Parish Fire Protection District No. 1 as of and for the year ended December 31, 1997, and have issued my report thereon dated June 25, 1998. 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 Lincoln Parish Fire Protection District No. 1's 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 these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lincoln Parish Fire Protection District No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 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, the Board of Commissioners, the Lincoln Parish Police Jury, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

WILLIAM B. HULSEY
Certified Public Accountant



June 25, 1998