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**FIRE PROTECTION DISTRICT NO. 3
WARDS 3 AND 4 OF SA BENE PARISH
Moss, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1998
With Supplemental Information Schedule**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or successor, and other appropriate public officials. This report is available for public inspection at the Parish Board office, the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Witness Date: _____

**VERNON R
COON**
REGISTERED PUBLIC ACCOUNTANT

FIRE PROTECTION DISTRICT NO. 1
WARDEN 3 AND 4 OF SABINE PARRISH
Morg., Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1998
With Supplemental Schedule

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FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SAIBNE PARISH
Mony, Louisiana
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HERBERT GREENBERG
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Independent Auditor's Report

**BOARD OF COMMISSIONERS
FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SABINE PARISH
Mary, Louisiana**

I have audited the general purpose financial statements of Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish, as of December 31, 1998, and for each of the years in the two year period then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of Fire Protection District No. 1 Wards 3 and 4 of Sabine Parish. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish, as of December 31, 1998, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SABINE PARISH
Independent Auditor's Report
December 31, 1998

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated (DATE) on Fire Protection No. 1, Wards 3 and 4 of Sabine Parish's compliance with laws and regulations, and my consideration of the fire district's internal control over financial reporting.



West Monroe, Louisiana
May 22, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SARINE PARISH
Marty, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Continued Balance Sheet, December 31, 2005

	GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUP - GENERAL FUND ASSETS	TOTAL COMBINATION DOLLARS
ASSETS			
Cash and cash equivalents	\$158,998		\$158,998
Receivables:			
Ad valorem taxes	142,894		142,894
State revenue sharing	18,533		18,533
Land, buildings, and equipment		<u>\$1,341,035</u>	<u>1,341,035</u>
TOTAL ASSETS	<u>\$318,817</u>	<u>\$1,341,035</u>	<u>\$1,659,852</u>
LIABILITIES AND FUND EQUITY			
Liabilities - accounts payable	<u>\$18,324</u>		<u>18,324</u>
Fund Equity:			
Investment in general fixed assets		\$1,341,035	1,341,035
Fund balance - unreserved - undesignated	<u>299,493</u>		<u>299,493</u>
Total Fund Equity	<u>299,493</u>	<u>1,341,035</u>	<u>1,640,528</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$318,817</u>	<u>\$1,341,035</u>	<u>\$1,659,852</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SAIBNE PARISH
Merry, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND**

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended December 31, 1998**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ UNFAVORABLE</u>
REVENUES			
Taxes - ad valorem	\$177,000	\$148,258	\$12,348
Intergovernmental - state funds			
State revenue sharing (net)	15,907	15,907	
Fire insurance rebates	15,680	18,058	458
Use of money and property - interest earnings	4,500	4,500	(250)
Total revenues	<u>173,187</u>	<u>186,723</u>	<u>13,414</u>
EXPENDITURES			
Current:			
Personnel services and related benefits	77,480	16,588	428
Operating services	51,280	47,416	3,784
Materials and supplies	3,000	3,992	8
Capital outlay	82,080	180,672	(18,672)
Total expenditures	<u>183,840</u>	<u>170,668</u>	<u>9,401</u>
EXCESS OF REVENUES OVER EXPENDITURES	9,580	13,451	3,851
FUND BALANCE AT BEGINNING OF YEAR	<u>145,965</u>	<u>284,040</u>	<u>180,378</u>
FUND BALANCE AT END OF YEAR	<u>\$145,485</u>	<u>\$299,491</u>	<u>\$150,028</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SARINE PARISH
Merry, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND**

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended December 31, 1993

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE (FAVORABLE) UNFAVORABLE</u>
REVENUES			
Taxes - ad valorem	\$127,111	\$146,467	\$19,356
Intergovernmental - state funds:			
State revenue sharing (net)	17,777	17,777	
Fire insurance rebate	15,974	15,689	185
Use of money and property - interest earnings	4,536	4,536	
Other revenues		152	152
Total revenues	<u>165,398</u>	<u>184,601</u>	<u>19,203</u>
EXPENDITURES			
Current:			
Personal services and related benefits	15,000	17,250	(2,190)
Operating services	97,700	81,966	15,714
Materials and supplies	9,600	3,666	1,334
Capital outlay	118,000	128,751	(10,751)
Total expenditures	<u>339,300</u>	<u>339,623</u>	<u>4,323</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(73,902)</u>	<u>(15,022)</u>	<u>58,880</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>331,256</u>	<u>331,256</u>	
FUND BALANCE AT END OF YEAR	<u>\$257,354</u>	<u>\$316,234</u>	<u>\$58,880</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 (OF SABINE PARISH)
Mary, Louisiana**
Notes to the Financial Statements
As of and for the Two Years Ended
December 31, 1998

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish was created by the Sabine Parish Police Jury, as authorized by Louisiana Revised Statute 40:1493 on August 17, 1966. The district is governed by a five member board appointed by the police jury, the Town of Mary, and by the board. Board members serve without compensation. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district. Board members receive compensation as provided for by law.

A. REPORTING ENTITY

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Sabine Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. 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.

POLICE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SABINE PARISH
Merry, Louisiana
Notes to the Financial Statements (Continued)

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 a majority of the district's board of commissioners and the district provides fire protection to residents within Sabine Parish, the district was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term obligations) that are not recorded in the "fund" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held

**FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SANGIS PARISH
Merry, Louisiana
Notes to the Financial Statements (Continued)**

for others. The district's current operations require the use of only a governmental fund type (General Fund). The General Fund is the general operating fund of the district and is used to account for all of its financial activities.

C. GENERAL FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets. Approximately 50 per cent of general fixed assets are valued at actual historical cost while the remaining 7 per cent are valued at estimated cost, based on the actual historical cost of like items. Donated fixed assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

The account group is not a "fund". It is concerned only with the measurement of financial position and does not involve measurement of results of operations. The district has no long-term debt at December 31, 1998.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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. The district uses the following practices in recognizing and reporting revenues and expenditures:

**FIRE PROTECTION DISTRICT NO. 1
WARDS 2 AND 4 OF SABINE PARISH
Mossy, Louisiana
Notes to the Financial Statements (Continued)**

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1969 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Other intergovernmental revenues are recorded when the district is entitled to the funds.

Interest income on demand and time deposits is recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, ad valorem taxes, state revenue sharing, and other intergovernmental revenues have been treated as susceptible to accrual.

Expenditures

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

K. BUDGET PRACTICES

A preliminary budget for the ensuing year is prepared by the secretary/treasurer prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The proposed budget is prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF KATINE PARISH
Mary, Louisiana
Notes to the Financial Statements (Continued)

Fundal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

F. CASH AND CASH EQUIVALENTS

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1988, the district has cash and cash equivalents (bank balances) totaling \$156,590 as follows:

Demand deposits	\$56,590
Time deposits	<u>100,000</u>
Total	<u>\$156,590</u>

These 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 fiscal agent bank. Deposit balances (bank balances) at December 31, 1988, total \$156,590, and are fully secured by federal deposit insurance.

G. RISK MANAGEMENT

The fire district is exposed to various risk of loss related to items theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the fire district maintains commercial insurance policies covering property, general liability, employee dishonesty, and workers compensation insurance. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended October 31, 1988.

FIRE PROTECTION DISTRICT NO. 1
 WARDS 3 AND 4 OF SARINE PARISH
 Mary, Louisiana
 Notes to the Financial Statements (Continued)

II. TOTAL COLUMN ON COMBINED BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overviews) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. LEVIED TAX

On November 27, 1987, voters of the district approved a .5 mill ad valorem tax to be used for operations of the district. The tax will expire with the 1989 tax roll. The district levied 5.16 mills in 1988 and in 1987.

The difference between authorized and levied millages is the result of reassessments of taxable property in the district, as required by Article VII, Section 18, of the Louisiana Constitution of 1974.

3. CHANGES IN GENERAL FIXED ASSETS

The following presents changes in general fixed assets for the two years ended December 31, 1988:

	Balance at January 1,	Additions	Deletions	Balance at December 31,
1987:				
Land and buildings	\$383,960			\$383,960
Fire fighting equipment	812,427	\$178,753		991,180
Total	<u>\$1,206,387</u>	<u>\$178,753</u>	<u>\$0.00</u>	<u>\$1,385,140</u>
1988:				
Land and buildings	\$383,960			\$383,960
Fire fighting equipment	951,180	\$102,675	(585,880)	857,975
Total	<u>\$1,335,140</u>	<u>\$102,675</u>	<u>(585,880)</u>	<u>\$1,341,935</u>

FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SARINE PARISH
Morg., Louisiana
Notes to the Financial Statements (Continued)

4. LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 1998, nor is it aware of any unasserted claims.

5. PENSION SYSTEM

Part-time employees of the district are not eligible for participation in the firefighters retirement system and, consequently, participate in the social security system. Employees contribute 7.65% of their total salaries to social security (FICA and Medicare) which is matched by employer contributions. For the two years ended December 31, 1998 employer contributions were \$1,194 per year. Total salaries paid for the two years ended 1998 were \$15,680 per year.

6. YEAR 2000 ISSUE (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999. The Fire Protection District No. 1, Wards 3 and 4 of Sarine Parish has completed an inventory of computer systems that may be affected by the year 2000 issue and that are critical to conducting operations of the fire district's office. Management of the fire district has contacted outside vendors for remediation, testing and validation. The anticipated computer upgrade date is before December 31, 1999.

SUPPLEMENTAL INFORMATION SCHEDULE

FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SANGRE PARISH
Mang, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Two Years Ended December 31, 1998

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 34 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statute 33:1489, the commissioners receive \$30 per board meeting attended, not to exceed two meetings in any one calendar month.

FIRE PROTECTION DISTRICT NO. 1
 WARDS 3 AND 4 OF SAIBNE PARISH
 Bayou, Louisiana

Schedule of Compensation Paid Commissioners
 For the Two Years Ended December 31, 1998

	<u>1998</u>	<u>1997</u>
M. G. Anthony	\$270	\$360
David Davis	300	360
David Mansuro	210	330
Elizabeth Peyton, Chairman	300	210
J. M. Slay	300	360
Total	<u>\$1,380</u>	<u>\$1,620</u>

**Independent Auditor's Report Required
by Government Auditing Standards**

The following independent auditor's report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Government Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on Compliance and
Internal Control Over Financial Reporting**

**FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SABINE PARISH
Marty, Louisiana**

I have audited the general purpose financial statements of Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish, as of December 31, 1998 and for each of the years in the two year period then ended, and have issued my report thereon dated May 22, 1999. 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 Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish'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 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 Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish'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

**BERNARD AMERMAN
MEMBER OF EXETERVILLE
FIRM OF ACCOUNTANTS**

**BOUNCE OF LOUISIANA
MEMBER PUBLIC
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FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SABINE PARISH
Mony, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 1998

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 issued for the information of the Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish and management of the fire protection district. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
May 22, 1999

FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SABINE PARISH
Morg, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended
December 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish.
2. No instances of noncompliance material to the financial statements of Fire Protection District No. 1, Wards 3 and 4 of Sabine Parish were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FIRE PROTECTION DISTRICT NO. 1
WARDS 3 AND 4 OF SABINE PARISH
Morg., Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 1998

There were no audit findings reported in the audits for the two years ended December 31, 1998.