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**FIRE PROTECTION DISTRICT NO. 12
Chesapeake, Louisiana**
**GENERAL PURPOSE FINANCIAL STATEMENTS
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: MAY 13, 1998

FIRE PROTECTION DISTRICT NO. 12
Chauvinville, Louisiana
GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 1997

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MEMBER
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SOCIETY OF COSTUME
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DAUZAT, BEALL & DEBEVEC, CPAs

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fire Protection District No. 12
Cherryville, Louisiana

We have audited the accompanying general purpose financial statements of Fire Protection District No. 12 as of December 31, 1997, and for the year then ended. These general purpose financial statements are the responsibility of the District's Board of Commissioners. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Government Auditing Standards, we have also issued a report dated March 26, 1998, on our consideration of Fire Protection District No. 12's compliance with laws and regulations and its internal control structure.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Fire Protection District No. 12 as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Certified Public Accountants
March 26, 1998

FIRE PROTECTION DISTRICT NO. 12
Clareville, Louisiana

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1997

	<u>Governmental</u>	<u>Account Groups</u>		<u>Total</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Fund Type</u>	<u>General</u> <u>Fund</u>	<u>General</u> <u>Fund</u> <u>Assets</u>	
ASSETS AND OTHER DEBITS				
Assets				
Cash	\$ 30,064			\$ 30,064
Prepays	1,297			1,297
Receivables	51,272			51,272
Property and equipment		\$ 208,461		208,461
Other Debits				
Amount to be provided for retirement of general long-term debt	_____	_____	\$ 30,000	\$ 30,000
Total Assets and Other Debits	\$ 83,633	\$ 208,461	\$ 30,000	\$ 312,094
LIABILITIES AND EQUITY				
Liabilities				
Accounts payable	\$ 1,214			\$ 1,214
Certificates of indebtedness	_____	_____	\$ 10,000	\$ 10,000
Total Liabilities	\$ 1,214	_____	\$ 10,000	\$ 11,214
Equity				
Investment in general fixed assets		\$ 208,461		208,461
Fund balance:				
Reserved for debt service	73,418	_____		73,418
Total Equity	73,418	208,461	_____	281,879
Total Liabilities and Equity	\$ 83,633	\$ 208,461	\$ 30,000	\$ 312,094

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 12
Cheneyville, Louisiana

GOVERNMENTAL FUNDS TYPE - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 1997

REVENUES

Intergovernmental revenues:	
Taxes - ad valorem	\$ 41,704
State revenue sharing	1,803
Insurance rebate	3,001
Interest earnings	1,181
Total Revenues	<u>47,689</u>

EXPENDITURES

Current:	
General government:	
Legal and accounting	2,400
Insurance	9,159
Office expense	97
Repairs and maintenance	5,947
Utilities and telephone	530
Supplies	368
Public safety:	
Fuel	171
Debt service:	
Principal	28,000
Interest	5,000
Total Expenditures	<u>42,762</u>

OTHER FINANCING SOURCES

Sale of asset	<u>1,400</u>
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TOTAL OTHER FINANCING SOURCES

1,400

DEFICIENCY OF REVENUES AND OTHER SOURCES

OVER EXPENDITURES	<u>(1,120)</u>
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FUND BALANCE, DECEMBER 31, 1996

24,600

FUND BALANCE, DECEMBER 31, 1997

23,480

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 12
Clayville, 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, 1997

REVENUES	Budget	Actual	Variance Favorable (Unfavorable)
Intergovernmental revenues:			
Taxes and salaries	\$ 28,800	240,716	\$ (211,916)
State revenue sharing	1,800	1,819	19
Insurance rebates	2,000	3,851	1,851
Interest earnings		1,164	1,164
Miscellaneous	200	—	(200)
Total Revenues	<u>32,800</u>	<u>246,540</u>	<u>(113,757)</u>
EXPENDITURES			
Current:			
General Government:			
Legal and accounting	2,400	2,400	
Insurance	9,124	9,509	(385)
Office expense	250	87	163
Repairs and maintenance	1,000	1,993	(993)
Utilities and telephone	800	520	280
Supplies	500	568	(68)
Public Safety:			
Fuel	450	171	279
Uniforms	600	—	600
Debt Service:			
Principal	28,800	28,000	
Interest	7,300	5,446	1,854
Total Expenditures	<u>50,624</u>	<u>43,517</u>	<u>(7,107)</u>
OTHER FINANCING SOURCES			
Sale of assets		1,800	1,800
TOTAL OTHER FINANCING SOURCES		<u>1,800</u>	<u>1,800</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	1,876	(1,277)	(3,094)
Fund Balance, December 31, 1996	24,628	24,628	—
Fund Balance, December 31, 1997	<u>26,504</u>	<u>23,351</u>	<u>3,153</u>

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 12
Cheneyville, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997

INTRODUCTION

The Fire Protection District No. 12, hereinafter referred to as the **District** was organized pursuant to the provisions of an ordinance adopted by the Police Jury of the Parish of Rapides, State of Louisiana, and the Town of Cheneyville on July 21, 1987, by virtue of the authority conferred by Part 1, Chapter 7, Title 48 of the Louisiana Revised Statutes of 1998.

The **District** constitutes a public corporation and political subdivision of the State of Louisiana, and has the authority to incur debt.

The governing authority of the **District** is a board of commissioners consisting of five members, each of which is a resident property taxpayer of the **District**. Two members are appointed by the Rapides Parish Police Jury, two members by the Town of Cheneyville, and one member is selected by the preceding four members who serves as chairman of the board.

On November 21, 1987, a special election was held to levy and collect a special ad valorem tax of ten (10) mills on each dollar of assessed valuation, on all property subject to such taxation within the confines of the **District** for a period of two years, beginning with the year 1988 for the purpose of constructing, operating, and maintaining fire protection facilities and paying the cost of obtaining water for fire protection purposes.

The **District** operates as a volunteer fire department and consequently has no personnel expenditures. The value of donated services are not reflected in the accompanying financial statements since there is no objective basis by which to measure the value of these services. However, a substantial number of volunteers have donated significant amounts of their time in administrative and firefighting efforts.

FIRE PROTECTION DISTRICT NO. 12
Cheneyville, Louisiana

NOTICE TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles 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. Reporting Entity

GASB Statement No. 14 has established standards for defining and reporting as the financial reporting entity. According to GASB Statement No. 14, a state may allow local governments to form regional governments or similar entities to provide goods or services to the citizens served by the local governments. When an arrangement of this type does not create an ongoing financial interest or responsibility for the participating governments, the newly formed entity is considered a jointly governed organization.

On July 21, 1987, the Police Jury of the Parish of Rapides, State of Louisiana, and the Town of Cheneyville formed the Fire District No. 12 to provide fire protection services to citizens served by the local governments. Since neither the Rapides Parish Police Jury nor the Town of Cheneyville has an ongoing financial interest or responsibility in the District's operations, the District is a jointly governed organization. The District's status as a jointly governed organization enables it to issue financial statements separate from those of the participating governments.

The accompanying financial statements of the District present the financial position of the governmental fund type and account groups, and the results of operations of these funds.

FIRE PROTECTION DISTRICT NO. 12
Cherryville, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each fund's assets, liabilities, fund equity, revenues and expenditures. The general fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

D. 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 refers to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund type is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within 60 days after year-end.

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

E. Budgets

The District agreed to budget annually a sufficient sum of money to pay the principal and interest on the certificate of indebtedness. A budget for the year ended December 31, 1997, was adopted and approved by the board of commissioners.

Expenditures may not legally exceed budgeted amounts at the activity level.

FIRE PROTECTION DISTRICT NO. 12
Cheneyville, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets (Continued)

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which commitments for the expenditure of resources are recorded to reserve that portion is not utilized in the general fund by the District.

F. Certificate of Indebtedness

The District issued a certificate of indebtedness to the Farmers Bank of Cheneyville, Louisiana. As part of legal restrictions, the District was required to establish a separate debt service fund (sinking fund) for the payments of principal and interest. The bank waived this requirement since the sole purpose of this separate fund would be to receive an annual transfer of principal and interest. The debt is serviced, secured by and payable solely from a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges in each fiscal year to December 31, 1998, inclusive.

G. Fixed Assets

Land, building and equipment is recorded at cost for purchased assets or at fair market value on the date of any donation. Expenditures for additions and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred.

The cost of assets retired or otherwise disposed of are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are charged to operations currently.

Fixed assets are recorded and reported in the general fixed assets account group. No depreciation has been provided on general fixed assets.

**FIRE PROTECTION DISTRICT NO. 12
Cherryville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Total Column on Statement

The total column on the combined balance sheet is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles; neither is such data comparable to a consolidation.

NOTE 2 - CASH

Only one bank account is maintained and utilized by the District for all receipts and disbursements. Funds are deposited in an account covered by federal depository insurance, up to a maximum of \$100,000.

NOTE 3 - PREPAIDS

Payments made to vendors for services that will benefit periods beyond December 31, 1997, are recorded as prepaid items. The District had prepaid insurance of \$3,597 as December 31, 1997. Insurance policies carried by the District include a business package policy, crime and auto/theft and vehicular coverages.

NOTE 4 - RECEIVABLES

Receivables at December 31, 1997, consisted of property taxes and accrued interest of \$51,272. Property taxes are assessed and billed before the end of each calendar year, and become delinquent on December 31.

FIRE PROTECTION DISTRICT NO. 12
Cheneyville, Louisiana

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997

NOTE 5 - FIXED ASSETS

A summary of property and equipment is provided:

	Beginning Balance	Additions	Dispositions	Ending Balance
Land	\$ 10,745			\$ 10,745
Building	81,714			81,714
Trucks	126,438		\$ 5,000	126,438
Equipment	<u>11,544</u>	_____	_____	<u>11,544</u>
Total	<u>\$229,461</u>	_____	<u>\$ 5,000</u>	<u>\$229,461</u>

The above property and equipment includes trucks and equipment that were donated. The following is a list and their estimated values at the time of donation:

1. 1974 Ford 750, 500 gal	\$ 8,000
2. 1976 Dodge, 350 gal	2,500
3. 1977 GMC, 2200 gal	7,000
4. Small tools	4,000
5. 1980 Single axle diesel truck	2,500
6. 1981 Tandem axle diesel truck	3,000
7. 10 KW Deutz generator, diesel	500
8. 4 inch Deutz pump, diesel	300
9. 6 dry hydrants	<u>1,744</u>
Total	<u>\$29,544</u>

The above equipment was donated by the Town of Cheneyville, U.S. Forestry Department, the Department of Agriculture and the Rapides Parish Police Jury.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997**

NOTE 6 - GENERAL LONG-TERM DEBT

The District issued a certificate of indebtedness to the Farmers Bank of Clensenville, Louisiana in the amount of \$177,000. Payments of principal and/or interest are due on March 1 of each year.

Annual debt service requirements to maturity for the certificate of indebtedness are as follows:

<u>Due Date</u>	<u>Principal Due</u>
March 1, 1998	<u>\$ 20,000</u>
Totals	<u>\$ 20,000</u>

Interest is payable annually at a rate per annum equal to the prime lending rate of The Chase Manhattan Bank, N.A., in the City of New York, New York plus one percent (1%). The prime rate is adjusted automatically as of the opening of business on the effective date of any change therein, but in no event, however, shall the interest rate exceed twelve per centum (12%) per annum.

The District adopted a resolution on June 11, 1991, wherein, the District was unable to pay the March 1, 1991, installment due and the Farmers Bank of Clensenville agreed to remedy the nonpayment by adding \$2,800 to the remaining seven (7) annual principal installments.

During the year ended December 31, 1997, the following changes occurred in general long-term debt:

<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31</u>
\$ 28,000	-	\$ 28,000	\$ 30,000

NOTE 7 - BOARD OF COMMISSIONERS

Each of the Board of Commissioners served without compensation for the period year ended December 31, 1997.

**FIRE PROTECTION DISTRICT NO. 12
Cheneyville, Louisiana**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997**

NOTE 8 - LOUISIANA FIREFIGHTERS RETIREMENT SYSTEM

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System.

State statute requires covered employers to contribute a percentage of their salaries to the System. Employer contributions are determined annually based on results of the valuation of the prior fiscal year with adjustments for any dedicated tax monies or appropriate funds.

Even though the District has not had any employees since inception, it has made employer contributions annually into the System as assessed by the Rapides Parish Sheriff's Office, the parish tax collector.



DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

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
Fire Protection District #12
Cherryville, Louisiana

We have audited the financial statements of the Fire Protection District #12 as of and for the year ended December 31, 1997, and have issued our report thereon dated March 26, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fire Protection District #12's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fire Protection District #12's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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. We noted no matters involving the internal control over

financial reporting and its opinion that we consider to be material weaknesses.

This report is intended for the information of the Fire Protection District #12's management, federal auditing agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Duane, Boud & Debeson, CPA's, APC
Certified Public Accountants
March 26, 1998