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**FIRE PROTECTION DISTRICT NO. 5
OF ALLEN PARISH**

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

Year Ended December 31, 1998

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

Release Date 7-28-99

Royce T. Scimemi, CPA, Inc.
Oberlin, LA

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Royce T. Scimemi, CPA, Inc.
Oberlin, LA

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INDEPENDENT AUDITOR'S REPORT

June 24, 1999

Board of Commissioners
Fire Protection District #5 of Allen Parish
Oberlin, Louisiana

I have audited the accompanying general purpose financial statements of the Fire Protection District #5 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the Fire Protection District #5 of Allen Parish management. 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 the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

A statement of revenues, expenditures, and changes in fund balance -- budget to actual -- general fund for the year ended December 31, 1998 has not been presented. Generally accepted accounting principles require that such a statement be presented when financial statements purport to present financial position and results of operations.

In my opinion, except for the omission of the statement of revenues, expenditures, and changes in fund balance -- budget to actual -- as explained in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Fire Protection District #5 of Allen Parish as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated June 24, 1999, on my consideration of Fire Protection District #5 of Allen Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and contracts.

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FIRE PROTECTION DISTRICT NO. 5 OF ALLEN PARISH

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1998

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>General</u>	<u>Debt</u>	<u>Capital</u>
	<u>Fund</u>	<u>Service</u>	<u>Projects</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS			
Cash	\$ -	\$ -	\$954,367
Receivables			
Ad valorem taxes, net	47,453	75,925	-
Due from other fund	-	-	68
Fixed assets	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-
TOTAL ASSETS	\$ <u>47,453</u>	\$ <u>75,925</u>	\$ <u>954,435</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 51	\$ -	-
Due to other fund	68	-	-
General obligation bonds payable	-	-	-
TOTAL LIABILITIES	<u>119</u>	<u>-</u>	<u>-</u>
FUND EQUITY			
Investment in general fixed assets	-	-	-
Fund balances			
Reserved for debt service	-	75,925	-
Reserved for specific fund purposes	-	-	954,435
Unreserved and undesignated	<u>47,334</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	<u>47,334</u>	<u>75,925</u>	<u>954,435</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>47,453</u>	\$ <u>75,925</u>	\$ <u>954,435</u>

See accompanying notes.

<u>ACCOUNT GROUPS</u>		
General Fixed Assets	General Long-Term <u>Debt</u>	TOTALS (Memorandum <u>Only</u>)
\$ -	\$ -	\$ 954,367
-	-	123,378
-	-	68
1,690	-	1,690
-	75,925	75,925
<u>-</u>	<u>874,075</u>	<u>874,075</u>
\$ <u><u>1,690</u></u>	\$ <u><u>950,000</u></u>	\$ <u><u>2,029,503</u></u>
\$ -	\$ -	\$ 51
-	-	68
<u>-</u>	<u>950,000</u>	<u>950,000</u>
<u>-</u>	<u>950,000</u>	<u>950,119</u>
1,690	-	1,690
-	-	75,925
-	-	954,435
<u>-</u>	<u>-</u>	<u>47,334</u>
<u>1,690</u>	<u>-</u>	<u>1,079,384</u>
\$ <u><u>1,690</u></u>	\$ <u><u>950,000</u></u>	\$ <u><u>2,029,503</u></u>

FIRE PROTECTION DISTRICT NO. 5 OF ALLEN PARISH

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 1998

	General Fund	Debt Service Fund	Capital Projects Fund	TOTALS (Memorandum Only)
REVENUES				
Ad valorem taxes, net	\$ 47,453	\$ 75,925	\$ -	\$ 123,378
Interest	<u>-</u>	<u>-</u>	<u>28,523</u>	<u>28,523</u>
TOTAL REVENUES	<u>47,453</u>	<u>75,925</u>	<u>28,523</u>	<u>151,901</u>
EXPENDITURES				
Current				
Advertising	119	-	2,108	2,227
Bank Charges	-	-	184	184
Legal Fees	-	-	13,289	13,289
Other Bond Issuance Fees	-	-	866	866
Special Election Expense	-	-	5,951	5,951
Capital outlay	-	-	1,690	1,690
Debt service				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>119</u>	<u>-</u>	<u>24,088</u>	<u>24,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	47,334	75,925	4,435	127,694
OTHER FINANCING SOURCES				
Proceeds from general obligation bonds	<u>-</u>	<u>-</u>	<u>950,000</u>	<u>950,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	47,334	75,925	954,435	1,077,694
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 47,334</u>	<u>\$ 75,925</u>	<u>\$ 954,435</u>	<u>\$ 1,077,694</u>

See accompanying notes.

FIRE PROTECTION DISTRICT NO. 5 OF ALLEN PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 5 of Allen Parish was created under the provisions of Louisiana Revised Statutes 40:1492-1501, for the purpose of providing fire protection for the people of Ward 1 of Allen Parish. The district is governed by a board of commissioners composed of five members appointed by the Allen Parish Police Jury.

The accompanying general purpose financial statements of the Fire Protection District No. 5 of Allen Parish 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.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for Allen 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 nature and significance of their relationship with primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen 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 organizations' 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 compose 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.

FIRE PROTECTION DISTRICT NO. 5 OF ALLEN PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Because the police jury appoints all members to the governing body and has the ability to impose its will on the District, the District was determined to be a component unit of the Allen 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 the governmental unit, or the other governmental units that comprise the financial reporting entity.

2. 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 or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds and groups of accounts are used by the District:

Governmental Fund Types:

General Fund -

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Debt Service Fund -

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt.

Capital Projects Fund -

The Capital Projects Fund is used to account for transactions that are legally restricted to expenditures for specific purposes. This fund accounts for the acquisition, construction and improving fire protection facilities and equipment, including fire trucks.

Account Groups:

General Fixed Assets -

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. All donated fixed assets are valued at fair market value at the time of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt -

The General Long-Term Debt Account Group is used to account for general long-term debt.

3. Basis of Accounting

The accounting and 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

FIRE PROTECTION DISTRICT NO. 5 OF ALLEN PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE A - SUMMARY OF SIGNIFIANT ACCOUNTING POLICIES (CONTINUED)

balance sheet. Operating statements of 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 by all governmental fund types. Under the modified accrual basis of accounting, revenues and recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means to 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 government considers property taxes as available is they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes and interest.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the 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.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal 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 fiscal agent. At December 31, 1998 the District had \$954,367 in deposits (collected bank balances). Deposits of \$100,000 were secured from risk by federal deposit insurance and \$854,367 were secured by pledged securities.

5. Total Columns on Statements

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - AD VALOREM TAXES

For the year ended December 31, 1998, taxes of 19.5 mills were levied on property with taxable assessed valuations totaling \$6,522,710 and were dedicated as follows:

Maintenance	7.50 mills
Bond sinking	12.00 mills

FIRE PROTECTION DISTRICT NO. 5 OF ALLEN PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE B - AD VALOREM TAXES (CONTINUED)

Total taxes levied were \$127,195

Property tax millage rates are adopted in December for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Beginning <u>Balance</u>	Net <u>Additions</u>	Ending <u>Balance</u>
Buildings & Improvements	\$ -	\$ 1,000	\$ 1,000
Equipment	-	690	690
TOTAL	<u>\$ -</u>	<u>\$ 1,690</u>	<u>\$ 1,690</u>

NOTE D - GENERAL LONG-TERM DEBT

1. Debt Outstanding

Bonds payable at December 31, 1998 is comprised of the following issue:

\$ 950,000 general obligation bonds dated June 1, 1998 due in annual installments of \$15,000 to \$75,000 through March 1, 2018; interest at 4.1% to 5.1% (this issued secured by levy and collection of ad valorem taxes)	\$ <u>950,000</u>
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The following is a summary of the long-term debt transactions during the year:

Long-term debt payable at December 31, 1997	\$ -
Additions	950,000
Deduction	<u>0</u>
Long-term debt payable at December 31, 1998	<u>\$ 950,000</u>

FIRE PROTECTION DISTRICT NO. 5 OF ALLEN PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE D - LONG-TERM DEBT (CONTINUED)

2. Debt Service Requirements to Maturity

The annual requirements to amortize all debts outstanding as of December 31, 1998, including interest payments of \$566,872 follows:

<u>Year Ending December 31,</u>	<u>Total</u>
1999	\$ 71,596
2000	74,293
2001	73,063
2002	71,833
2003	75,430
Thereafter	<u>1,150,657</u>
	<u>\$ 1,516,872</u>

NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F - RESERVED FUND EQUITY

Reservations of equity show amounts that are not appropriate for expenditure or are legally restricted for specific uses. The purpose for each is indicated by the account title on the face of the balance sheet.

NOTE G - YEAR 2000 ISSUE

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 district may have no computer systems or other electronic equipment that directly may be affected by the year 2000 issue, but the district may be affected by third-party compliance with 2000 issues, to which the district has no control.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Fire Protection District No. 5 of Allen Parish's efforts will be successful in whole or in part, or that parties with whom the Fire Protection District No. 5 of Allen Parish does business will be year 2000 ready.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 24, 1999

Board of Commissioners
Fire Protection District #5 of Allen Parish
Oberlin, Louisiana

I have audited the general purpose financial statements of Fire Protection District #5 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 24, 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 #5 of Allen Parish's general purpose 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 those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Fire Protection District #5 of Allen Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Fire Protection District #5 of Allen Parish's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings.

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 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

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

Royce T. Scimemi, CPA, Inc. Royce T. Scimemi, CPA, Inc.

FIRE PROTECTION DISTRICT #5 OF ALLEN PARISH

Schedule of Findings

Year Ended December 31, 1998

BUDGETING

The district did not adopt a budget for the general fund for 1998 in accordance with LSA-RS 39:1304.

MEETINGS

The district is required to post a notice of each meeting and the accompanying agenda, 24 hours prior to the scheduled meeting time, on the door of the district's office building under the open meetings law, LSA-RS 42:1 through 42:12. The district did not properly post the meeting notices during the year.

FIRE PROTECTION DISTRICT #5 OF ALLEN PARISH

Corrective Action Plan

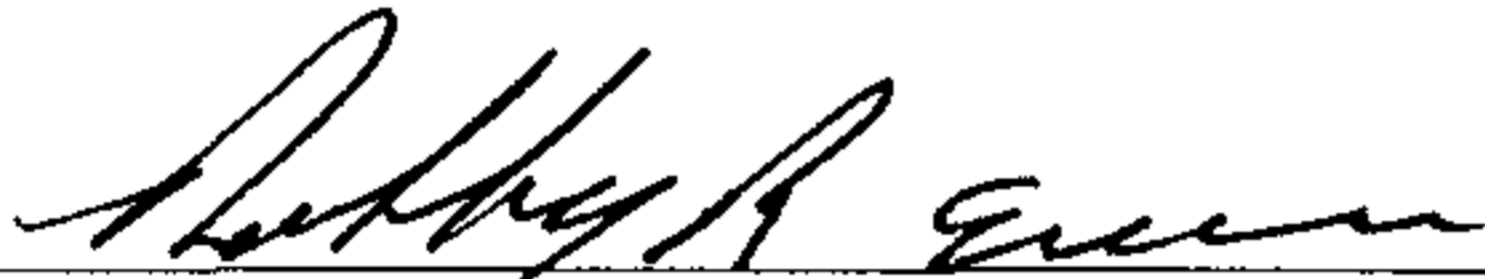
Year Ended December 31, 1998

Budgeting

The board was unaware of the budget requirements of LSA-RS 39:1304. The board will adopt a budget for the general fund for the year ended December 31, 1999 as soon as possible and will comply with legally adopting an annual budget for the district in all subsequent years within the required time frame.

Meetings

The board was unaware of the posting requirements of LSA-RS 42:1 through 42:12. The board will ensure that the proper notices will be posted within the required time frame for future meetings.



Board President

FIRE PROTECTION DISTRICT #5 OF ALLEN PARISH

Summary of Prior Year Findings

Year Ended December 31, 1998

The District was created in 1998. Hence, there were no prior year findings.