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**NATCHITOCHE PARISH
FIRE PROTECTION DISTRICT NO. 2
FINANCIAL REPORT
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 ~~MAY 26 1999~~

Natchitoches Parish
Fire Protection District No. 2
Financial Report
December 31, 1998

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Johnson, Thomas & Cunningham

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To the Board of Commissioners of the
Natchitoches Parish Fire District No. 2

We have compiled the accompanying component unit financial statements of the Natchitoches Parish Fire District No. 2, a component unit of the Natchitoches Parish Police Jury, as of December 31, 1998 and the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants. The financial statements have been prepared on the modified accrual basis of accounting, which is the generally accepted accounting method established by the Governmental Accounting Standards Board for governmental units.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of the District's management. We have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

April 26, 1999

Natchitoches, LA 71457

COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Natchitoches Parish
Fire Protection District No. 2

Combined Balance Sheet
Fund Type and Account Groups
December 31, 1998

	<u>Governmental</u> <u>Fund Type</u> General <u>Fund</u>	<u>Account Group</u> General Fixed <u>Assets</u>	Total (Memorandum <u>Only</u>)
<u>Assets</u>			
Cash	\$22,699	\$ 0	\$ 22,699
Property Taxes Receivable	41,304	0	41,304
Buildings	0	77,343	77,343
Equipment	0	22,263	22,263
Fire Truck	<u>0</u>	<u>262,699</u>	<u>262,699</u>
 Total Assets	 <u>\$64,003</u>	 <u>\$362,305</u>	 <u>\$426,308</u>
 <u>Liabilities & Fund Equity</u>			
Liabilities-			
Accounts Payable	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
 Total Liabilities	 \$ <u>0</u>	 \$ <u>0</u>	 \$ <u>0</u>
Fund Equity-			
Unreserved Fund Balance	\$64,003	\$ 0	\$ 64,003
Investment in General Fixed Assets	 <u>0</u>	 <u>362,305</u>	 <u>362,305</u>
 Total Fund Equity	 <u>\$64,003</u>	 <u>\$362,305</u>	 <u>\$426,308</u>
 Total Liabilities & Fund Equity	 <u>\$64,003</u>	 <u>\$362,305</u>	 <u>\$426,308</u>

See accountant's compilation report.

Natchitoches Parish
Fire Protection District No. 2

Statement of Revenues, Expenditures and Changes in Fund Balance-
General Fund
Year Ended December 31, 1998

	<u>Total</u>
REVENUES:	
Taxes	\$42,171
Intergovernmental	5,476
Other	<u>1,513</u>
Total Revenues	<u>\$49,160</u>
EXPENDITURES:	
Public Safety	\$21,561
Capital Expenditures	<u>31,035</u>
Total Expenditures	<u>\$52,596</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,436)
Fund Balance- Beginning of Year	<u>67,439</u>
End of Year	<u>\$64,003</u>

See accountant's compilation report.

Natchitoches Parish
Fire Protection District No. 2

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
Taxes	\$ 40,000	\$42,171	\$2,171
Intergovernmental	5,200	5,476	276
Other	<u>1,500</u>	<u>1,513</u>	<u>13</u>
Total Revenues	<u>\$ 46,700</u>	<u>\$49,160</u>	<u>\$2,460</u>
EXPENDITURES:			
Public Safety	\$ 27,200	\$21,561	\$5,639
Capital Expenditures	<u>30,600</u>	<u>31,035</u>	<u>(435)</u>
Total Expenditures	<u>\$ 57,800</u>	<u>\$52,596</u>	<u>\$5,204</u>
Excess (Deficiency) of Revenues Over Expenditures	\$(11,100)	\$ (3,436)	\$7,664
Fund Balance- Beginning of Year	<u>67,439</u>	<u>67,439</u>	<u>0</u>
Fund Balance- End of Year	<u>\$ 56,339</u>	<u>\$64,003</u>	<u>\$7,664</u>

See accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish
Fire Protection District No. 2

Notes to Financial Statements
December 31, 1998

1. The Reporting Entity:

Fire Protection District No. 2, of Natchitoches Parish, Louisiana, was created in June 1982, by ordinance of the Natchitoches Parish Police Jury. The District is charged with providing fire protection for the citizens of District No. 2 of Natchitoches Parish.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

Fire Protection District No. 2, of Natchitoches Parish prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the Natchitoches Parish Police Jury. The accompanying statements present only transactions of the Fire District No. 2, of Natchitoches Parish, a component unit of the Natchitoches Parish Police Jury.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 2 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies and practices-

Fund Accounting:

The accounts of the Natchitoches Parish Fire Protection District No. 2 are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund or account groups are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, revenues and expenditures. Resources are allocated to the fund or account groups based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund and account groups presented in this report are as follows:

Natchitoches Parish
Fire Protection District No. 2

Notes to Financial Statements
December 31, 1998

Governmental Fund-

General Fund-The General Fund is the general operating fund of the District. It is used to account for all financial resources of the District.

Fixed Assets and Long-Term Liabilities-

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in the governmental fund operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. These assets are recorded as expenditures in the General Fund when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position and are not involved with measurement of results of operations.

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 General Fund is accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes are recognized in the years billed. Most other revenues are recognized when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchase of various supplies are recognized as expenditures at the time purchased.

Natchitoches Parish
Fire Protection District No. 2

Notes to Financial Statements
December 31, 1998

Budgets-

An annual operating budget is adopted for the General Fund. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of each fiscal year, the Treasurer prepares a proposed budget and submits it to the Board of Commissioners.
2. The Board of Commissioners approves the budget, or amends it as necessary.
3. The approved budget is held open for public inspection.
4. Budget appropriations lapse at the end of each year.

Encumbrances:

The Natchitoches Parish Fire Protection District No. 2, does not employ the use of "encumbrance" accounting.

Total Columns on Combined Statements - Overview:

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis.

3. Ad Valorem Taxes:

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 2. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1, 1998
Levy date	June 30, 1998
Tax bills mailed	October 15, 1998
Total taxes are due	December 31, 1998
Penalties and interest added	January 31, 1999
Lien date	January 31, 1999
Tax Sale	May 15, 1999

Natchitoches Parish
Fire Protection District No. 2

Notes to Financial Statements
December 31, 1998

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose, or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 1996. Total assessed value was \$6,887,860 in 1998. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$1,053,960 of the assessed value in 1998. For the year ended December 31, 1998, taxes of 7.08 mils were levied on the property and were dedicated to fire protection. Taxes collected totaled \$42,171, after adjustments from the prior year.

4. Cash and Investments:

All of the District's cash is held in a checking account at a local bank. At December 31, 1998, the District's cash totaled \$22,699, and was insured entirely by FDIC insurance.

The District's cash is categorized below to give an indication of the level of risk assumed by the District at December 31, 1998. Category 1 includes cash held by the District which is insured and held in the District's name. Category 2 would include cash and investments held in the District's name which is uninsured. Category 3 would include cash held by a trustee or other third party not in the District's name and uninsured and unregistered.

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>
Cash:			
Checking Account	\$ 4,067	\$0	\$0
Hi-Fi Account	<u>18,632</u>	<u>0</u>	<u>0</u>
Total Cash	<u>\$22,699</u>	<u>\$0</u>	<u>\$0</u>

Natchitoches Parish
Fire Protection District No. 2

Notes to Financial Statements
December 31, 1998

5. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 1998.

6. Related Party Transactions:

The District had no related party transactions for the year ended December 31, 1998.

7. Compensation Paid to Board Members:

The members of the Board of Commissioners of the District receive no compensation for their services.

8. General Fixed Assets:

Changes in general fixed assets were as follows:

	<u>Balance</u> <u>12-31-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-98</u>
GENERAL FIXED ASSETS:				
Buildings	\$ 77,343	\$ 0	\$0	\$ 77,343
Equipment	21,360	903	0	22,263
Fire Truck	<u>232,568</u>	<u>30,132</u>	<u>0</u>	<u>262,700</u>
 Total General Fixed Assets	 <u>\$331,271</u>	 <u>\$31,035</u>	 <u>\$0</u>	 <u>\$362,306</u>
 Investment in General Fixed Assets	 <u>\$331,271</u>	 <u>\$31,035</u>	 <u>\$0</u>	 <u>\$362,306</u>

Johnson, Thomas & Cunningham

Certified Public Accountants

Page 12

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the
Natchitoches Parish Fire District No. 2

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Natchitoches Parish Fire Protection District No. 2 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluation management's assertions about the Natchitoches Parish Fire District No. 2's compliance with certain laws and regulations during the year ended December 31, 1998 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Disbursements found were in compliance.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Not applicable.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

Not applicable.

BUDGETING

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of the District. It was adopted by a unanimous decision.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law)

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that such documents were properly posted.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds or other indebtedness which had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

Not applicable.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Natchitoches Parish Fire Protection District No. 2 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


Johnson, Thomas & Cunningham, CPA's

April 26, 1999
Natchitoches, Louisiana