

RECEIVED  
LEGISLATIVE AUDITOR

99 JUL 28 AM 9:21

OFFICIAL  
FILE COPY

DO NOT SEND OUT

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A COMPONENT UNIT OF THE LIVINGSTON PARISH POLICE JURY)  
SPRINGFIELD, LOUISIANA

REPORT ON AUDIT OF  
GENERAL PURPOSE FINANCIAL STATEMENTS

As of and for the Two Years 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.

AUG 11 1999

Release Date \_\_\_\_\_

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A COMPONENT UNIT OF THE LIVINGSTON PARISH POLICE JURY)  
Springfield, Louisiana

As of and for the Two Years Ended December 31, 1998

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Balance Sheet, December 31, 1998 - All Fund Types and Account Groups	3
General Fund: Statements of Revenues, Expenditures, and Changes in Fund Balances	4
Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 15
OTHER INDEPENDENT AUDITOR'S REPORTS AND FINDINGS AND RECOMMENDATIONS	
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 <u>Government Auditing Standards</u>	18 - 19
Current Year Audit Findings and Recommendations	21
Corrective Action Plan for Current Year Audit Findings	23
Summary Schedule of Prior Audit Findings	25

# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA\*  
Dennis B. James, CPA\*  
\*A Professional Corporation

Member  
American Institute of  
Certified Public Accountants

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA

Member  
Society of Louisiana  
Certified Public Accountants

July 9, 1999

## Independent Auditor's Report

Mr. William R. Varnado, Chairman, and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the accompanying financial statements of the Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of December 31, 1998, and for the two years then ended, as listed in the table of contents. These financial statements are the responsibility of the management of Fire Protection District No. 2 of Livingston Parish. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Fire Protection District No. 2 of Livingston Parish, as of December 31, 1998, and the results of operations for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated July 9, 1999, on our consideration of the Fire Protection District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Respectfully submitted,

  
DURNIN & JAMES, CPA'S

GENERAL PURPOSE FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
December 31, 1998

	GOVERNMENTAL FUNDS	ACCOUNT GROUPS		TOTAL
	GENERAL FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMO ONLY)
<b>ASSETS AND OTHER DEBITS</b>				
Assets:				
Cash and cash equivalents	\$ 39,974	\$ -	\$ -	\$ 39,974
Receivables:				
Ad valorem tax (net of allowances for uncollectibles)	63,595	-	-	63,595
Land, buildings and equipment	-	407,102	-	407,102
Other Debits:				
Amount to be provided for retirement of general long-term debt	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$103,569</u>	<u>\$407,102</u>	<u>\$ -</u>	<u>\$510,671</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -
Deductions from ad valorem taxes payable	2,247	-	-	2,247
Certificates of indebtedness	-	-	-	-
<b>Total Liabilities</b>	<u>\$ 2,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,247</u>
Fund Equity:				
Investment in general fixed assets	\$ -	\$407,102	\$ -	\$407,102
Fund balances:				
Unreserved - undesignated	<u>101,322</u>	-	-	<u>101,322</u>
<b>Total Fund Equity</b>	<u>101,322</u>	<u>407,102</u>	<u>-</u>	<u>508,424</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$103,569</u>	<u>\$407,102</u>	<u>\$ -</u>	<u>\$510,671</u>

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
For The Two Years Ended December 31, 1998

	<u>12/31/98</u>	<u>12/31/97</u>
<b>REVENUES</b>		
Ad valorem taxes	\$ 62,986	\$ 53,666
Intergovernmental:		
Fire insurance premium rebate	12,074	11,252
State Grant	-	-
Interest earnings	1,039	1,078
Public donations	5,000	5,000
Other income	<u>10,649</u>	<u>8,869</u>
Total revenues	\$ 91,748	\$ 79,865
<b>EXPENDITURES</b>		
Public Safety:		
Ad valorem tax collection fee	2,247	-
Election Cost	-	6,037
Insurance	11,257	13,245
License, taxes, & permits	-	400
Office supplies	-	834
Operating supplies	-	-
Professional fees	400	2,875
Repairs and maintenance	3,338	11,951
Salaries	3,155	5,565
Volunteer Fire Departments	15,000	786
Other	1,466	520
Capital outlay	11,141	13,591
Debt service	<u>27,387</u>	<u>44,000</u>
Total expenditures	\$ <u>75,391</u>	\$ <u>99,804</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 16,357</b>	<b>\$ (19,939)</b>
<b>FUND BALANCES:</b>		
BEGINNING OF YEAR	<u>84,965</u>	<u>104,904</u>
END OF YEAR	<u>\$101,322</u>	<u>\$ 84,965</u>

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL

For the Two Years Ended December 31, 1998

	1998		1997		VARIANCE -
	REVISED BUDGET	ACTUAL	REVISED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<b>REVENUES:</b>					
Ad Valorem Taxes	\$ 45,000	\$ 62,986	\$ 43,000	\$ 53,666	\$ 10,666
Intergovernmental:					
Fire insurance premium rebate	12,000	12,074	9,000	11,252	2,252
Interest Earnings	700	1,039	3,700	1,078	(2,622)
Public Donations	3,000	5,000	8,000	5,000	(3,000)
Grant Revenue	-	-	-	-	-
Other Income	4,000	10,642	4,000	8,862	4,862
Total Revenues	<u>\$ 64,700</u>	<u>\$ 91,748</u>	<u>\$ 67,700</u>	<u>\$ 79,865</u>	<u>\$ 12,165</u>
<b>EXPENDITURES:</b>					
Public Safety:					
Ad Valorem Tax Collection Fee	\$ -	\$ 2,247	\$ -	\$ -	\$ -
Election Cost	-	-	-	6,037	(6,037)
Insurance	13,000	11,257	13,000	13,245	( 245)
License, Taxes, & Permits	-	-	-	400	( 400)
Office Supplies	4,000	-	1,000	834	166
Operating Supplies	-	-	-	-	-
Professional Fees	3,000	400	10,500	2,875	7,625
Repairs and Maintenance	11,800	3,338	15,200	11,951	3,249
Salaries	4,000	3,155	5,200	5,565	( 365)
Volunteer Fire Departments	-	15,000	-	786	( 786)
Other	16,500	1,466	1,500	520	980
Capital Outlay	10,000	11,141	49,000	13,591	35,409
Debt Service	27,500	27,387	44,000	44,000	-
Total Expenditures	<u>89,800</u>	<u>75,391</u>	<u>139,400</u>	<u>99,804</u>	<u>39,596</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (25,100)	\$ 16,357	\$ (71,700)	\$ (19,939)	\$ 51,761
Fund Balance, Beginning of Year	<u>40,000</u>	<u>84,965</u>	<u>54,227</u>	<u>104,904</u>	<u>50,677</u>
Fund Balance, Ending of Year	<u>\$ 14,900</u>	<u>\$101,322</u>	<u>\$ (17,473)</u>	<u>\$ 84,965</u>	<u>\$102,438</u>

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years Ended December 31, 1998

Introduction	7
1. Summary of Significant Accounting Policies	7
A. Basis of Presentation	7
B. Financial Reporting Entity	7 - 8
C. Fund Accounting	8 - 9
D. Basis of Accounting	9
E. Budgets	10
F. Encumbrances	10
G. Cash and Cash Equivalents and Investments	10 - 11
H. Inventories	11
I. Prepaid Items	11
J. Fixed Assets	11
K. Compensated Absences	11
L. Long-Term Obligations	11
M. Total Columns on Statements	11
2. Levied Taxes	12
3. Cash and Cash Equivalents	12
4. Receivables	13
5. Changes in General Fixed Assets	13
6. Pension Plan	13
7. Other Postemployment Benefits	13
8. Leases	13
9. Changes in Long-Term Obligations	14
10. Compliance with Loan Covenants	14 - 15
11. Compensation Paid Board Members	15



FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Two Years Ended December 31, 1998

**INTRODUCTION**

The Fire Protection District No. 2 of Livingston Parish (hereinafter referred to as the "Fire District") was created on June 16, 1971, by the Livingston Parish Police Jury as authorized by Act 194 of 1942 Regular Session of the Louisiana Legislature. The Fire District was created for the purpose of acquiring, maintaining, and operating buildings, machinery, equipment, water tanks, water hydrants and waterlines, and other things necessary to provide proper fire prevention and control of the property within the Fire District. The boundaries of the Fire District encompass all of Ward 6 and Ward 10 of Livingston Parish and provide fire protection to approximately 8,000 residents. The Fire District is governed by a board of commissioners consisting of five members who are resident taxpayers of the Fire District. These five commissioners are referred to as the Board of Commissioners. Two members are appointed by the Livingston Parish Police Jury, one member is appointed by the Town of Springfield and one member is appointed by the Village of Killian, the municipal corporations located within the Fire District. The fifth board member is selected by the other four board members and serves as chairman. The members serve terms of two years. Vacancies are filled by the bodies making the original appointments.

In accordance with Louisiana Revised Statute 40:1498, board members may be paid \$30 per meeting not to exceed two meetings in any one calendar month. At the present time, no compensation is paid to any board member for their service on the board. The Fire District has one paid employee who performs clerical functions. All services are performed by volunteer firemen. The Fire District maintains an office and fire station in Springfield, Louisiana, and three additional fire stations within the district in the communities of Killian, Lizard Creek and Bayou Barbary.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Fire District 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.

**B. FINANCIAL REPORTING ENTITY**

As the governing authority of the Parish, for reporting purposes, the Livingston Parish Police Jury is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) 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 the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Accounting Standards Board Statements No. 14 established criteria for determining which component units should be considered part of the Livingston Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with 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.
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 the board members and has approval over their taxing authority, the Fire District was determined to be a component unit of the Livingston Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the Fire 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.

**C. FUND ACCOUNTING**

The Fire 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The various funds are grouped, in the financial statements in this report, into one generic fund type and two broad fund categories as follows:

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

GOVERNMENTAL FUND TYPES

General Fund - The General Fund is the general operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. **BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes 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 ensuing year.

Interest income represents amounts earned on checking accounts with financial institutions. Interest earned on checking accounts is recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are not recognized until due.

Other Financing Sources (Uses)

Proceeds from the sale of equipment are accounted for as an other financing source and recorded when the sale occurs. Transfers in (out) are accounted for as an other financing sources (uses) and recorded when the transfer occurs. Proceeds from the issuance of certificate of indebtedness are recorded as other financing sources when received.

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**E. BUDGETS**

The Fire District uses the following budget practices:

1. The Fire District prepares budgets on the modified accrual basis of accounting. The Fire District adopted budgets for the General Fund for 1997 and 1998.
2. The Fire District's secretary and fire chief prepare the proposed budget and submit same to the chairman and board of commissioners no later than fifteen days prior to the beginning of each fiscal year. The proposed budgets for 1997 and 1998 were presented to the chairman and board of commissioners on December 10, 1996, and December 15, 1997, respectively.
3. The board of commissioners after reviewing the proposed budget submitted by the secretary and fire chief adopt the budget by majority vote. The budgets for 1997 and 1998 were adopted by the board of commissioners on December 10, 1996, and December 15, 1997, respectively.
4. Budgetary amendments require the approval of the chairman and board of commissioners. The 1997 and 1998 budgets were amended on December 15, 1997, and on October 19, 1998, respectively.
5. All budgetary appropriations lapse at year-end.
6. Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts and all subsequent budget amendments.

**F. ENCUMBRANCES**

The Fire District does not utilize encumbrance accounting.

**G. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Fire 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.

Under state law, the Fire District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at original cost.

**H. INVENTORIES**

The Fire District uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The Fire District did not record any inventory at December 31, 1998.

**I. PREPAID ITEMS**

The Fire District did not record any prepaid items at December 31, 1998.

**J. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized in the general fixed assets account group.

Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

**K. COMPENSATED ABSENCES**

The Fire District has one paid employee and does not pay for vacation or sick leave. Therefore, the Fire District has no liability for compensated absences at December 31, 1998.

**L. LONG-TERM OBLIGATIONS**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

**M. TOTAL COLUMNS ON STATEMENTS**

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
 (A Component Unit of the Livingston Parish Police Jury)  
 Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	1998 Authorized and Levied <u>Millage</u>	1997 Authorized and Levied <u>Millage</u>
General Fund	10.00	9.88

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the Fire District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Livingston Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Livingston Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 1998, the Fire District levied 10.00 mills for a total tax levy of \$64,595 on taxable property valuation totaling \$6,495,510. For 1997, the Fire District levied 9.88 mills for a total tax levy of \$55,979 on taxable property valuation totaling \$5,665,940.

3. CASH AND CASH EQUIVALENTS

At December 31, 1998, the Fire District had cash and cash equivalents (book balances) totaling \$39,974, as follows:

Interest bearing demand deposits	<u>\$39,974</u>
----------------------------------	-----------------

The bank 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. 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. These securities are held in the name of the pledging fiscal agent bank in the holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Fire District had \$ in bank deposits (collected bank balances).

These deposits are secured from risk as follows:

Bank balances	<u>\$40,071</u>
Federal deposit insurance	\$40,071
Uncollateralized (category 3):	
Pledged securities	<u>          </u>
Total	<u>\$40,071</u>

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
 (A Component Unit of the Livingston Parish Police Jury)  
 Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

<u>Class of Receivable</u>	<u>General Fund</u>
Ad valorem taxes	\$ 63,595
Less allowance for uncollectible ad valorem taxes	<u>1,000</u>
Total	<u>\$ 62,595</u>

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Balance, January 1, 1997	\$ 6,500	\$ 84,972	\$ 95,499	\$195,399	\$382,370
Additions for the Year Ended:					
December 31, 1997	-	-	13,591	-	13,591
December 31, 1998	-	-	11,141	-	11,141
Retirements for Year Ended:					
December 31, 1997	-	-	-	-	-
December 31, 1998	-	-	-	-	-
Balance, December 31, 1998	<u>\$ 6,500</u>	<u>\$ 84,972</u>	<u>\$120,231</u>	<u>\$195,399</u>	<u>\$407,102</u>

6. PENSION PLAN

The Fire District has no pension plan.

7. OTHER POSTEMPLOYMENT BENEFITS

The Fire District has no other postemployment benefits.

8. LEASES

The Fire District records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 1998:

On June 30, 1992, the Fire District entered into a ten year lease with the Village of Killian, Louisiana, for a tract of land around an existing fire station. The lease provides for an annual rental of \$10 per year provided however, that the lease will terminate whenever the property is no longer used as a fire station.

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
 (A Component Unit of the Livingston Parish Police Jury)  
 Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. **CHANGES IN LONG-TERM OBLIGATIONS**

The following is a summary of debt transactions for the Fire District for the two years ended December 31, 1998:

	<u>Certificate of Indebtedness</u>
Balance at December 31, 1996	\$ 65,339
Increase in Debt:	
December 31, 1997	-
December 31, 1998	-
Principal Payments:	
December 31, 1997	39,354
December 31, 1998	<u>25,985</u>
Balance at December 31, 1998	<u>\$ -</u>

As of December 31, 1998, all long-term debt had been paid off.

10. **COMPLIANCE WITH LOAN COVENANTS**

The Fire District, through its governing authority, adopted a resolution on July 15, 1991, authorizing the issuance of Certificate of Indebtedness in the amount of \$150,000 for the purpose of purchasing fire trucks and other fire fighting equipment and for acquiring and constructing a fire station. In that resolution, the Fire District agreed to certain loan covenants in connection with the security and payment of the certificates of indebtedness. The major covenants contained in the resolution and the manner in which the Fire District has complied with these covenants is described as follows:

Sinking Fund Requirement - Section 9 of the authorizing resolution requires the Fire District to "create a special fund to be known as "Certificate of Indebtedness Sinking Fund to be established and maintained with the regularly designated fiscal agent bank of the Fire District." The Fire District "shall deposit in the Sinking Fund from the first tax revenues received in any calendar year, a sum equal to the principal and interest falling due on the certificates in that calendar year."

The Fire District did not create a Certificate of Indebtedness Sinking Fund as required by Section 9 of the authorizing resolution.

Audit Requirement - Section 10 of the authorizing resolution requires "not later than three (3) months after the close of each fiscal year, the Fire District shall cause an audit of its books and accounts to be made by the Legislative Auditor or an independent firm of certified public accountants.

The Fire District did not have an audit performed for the year ended June 30, 1992, as required by Section 10 of the authorizing resolution. Also, the audit performed for the two years ended December 31, 1998, was not delivered to the Legislative Auditor within six months after year end as required by state statute.



FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A Component Unit of the Livingston Parish Police Jury)  
Springfield, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The Farmers Home Administration which owns 100% of the outstanding certificates of indebtedness has agreed, in writing, to waive the annual audit requirement and sinking fund requirement for the two years ended December 31, 1998.

11. **COMPENSATION PAID BOARD MEMBERS**

Louisiana Revised Statute 40:1498 provides that each member of the Fire District may receive compensation in the amount of thirty dollars per meeting, not to exceed two meetings in any one calendar month. At the present time, the Fire District does not pay compensation to board members.

OTHER INDEPENDENT AUDITOR'S REPORTS  
AND FINDINGS AND RECOMMENDATIONS

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

# Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA\*  
Dennis E. James, CPA\*  
\*A Professional Corporation

Member  
American Institute of  
Certified Public Accountants

Charles D. Mathews, CPA  
Bryon C. Garrety, CPA

Member  
Society of Louisiana  
Certified Public Accountants

July 9, 1999

Independent Auditor's Report on Compliance and on Internal  
Control Based on an Audit of General Purpose  
Financial Statements Performed in  
Accordance with Government Auditing Standards

Mr. William R. Varnado, Chairman and  
Members of the Board of Commissioners  
Fire Protection District No. 2 of Livingston Parish  
Springfield, Louisiana

We have audited the financial statements of the Fire Protection District No. 2 of Livingston Parish, a component unit of the Livingston Parish Police Jury, as of and for the two years ended December 31, 1998, and have issued our report thereon dated July 9, 1999. 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 Fire Protection District No. 2'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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and recommendations as items 98-1.

### Internal Control Over Financial Reporting

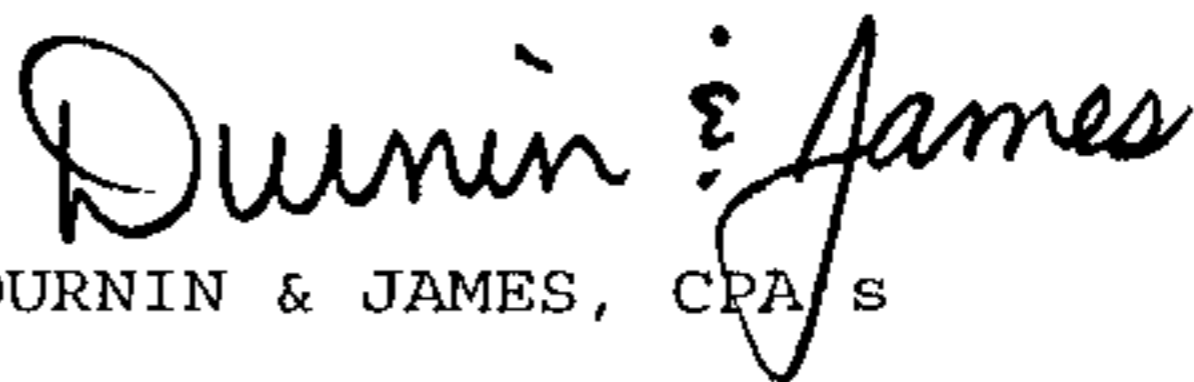
In planning and performing our audit, we considered Fire Protection District No. 2's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH

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 operation that we consider to be material weaknesses.

This report is intended for the information of management, the Louisiana Legislative Auditor and the Census Bureau. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Respectfully submitted,

  
DURNIN & JAMES, CPAs

FINDINGS AND RECOMMENDATIONS

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A COMPONENT UNIT OF THE LIVINGSTON PARISH POLICE JURY)  
Springfield, Louisiana

CURRENT YEAR AUDIT FINDINGS

As of and for the Two Years Ended December 31, 1998

98-1

FINDING

The Fire District did not complete and transmit a copy of the audit report for the two years ended December 31, 1998, to the Louisiana Legislative Auditor by June 30, 1999. Improvement is needed in this area to make sure the required audit is completed in a timely manner. This condition occurred because the Fire District did not provide all records necessary to audit its financial statements for the two years ended December 31, 1998, until July 9, 1999. This did not allow the auditor sufficient time to perform all audit tests required and complete the audit by June 30, 1999. As a result, this audit report was not filed timely and places the Fire District in noncompliance with state law.

RECOMMENDATION

We recommend the Fire District retain the services of a certified public accountant to conduct any required audits prior to the end of the fiscal year to be examined. This would allow the auditor six months to complete the audit and deliver the report. Additionally, we recommend the Fire District provide the necessary records as soon as feasible after the end of the fiscal year.

MANAGEMENT'S RESPONSE

In a letter dated July 12, 1999, the Fire District indicated that it intends to retain the services of a certified public accountant to conduct any required audits prior to the end of the fiscal year to be examined.

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS



FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
(A COMPONENT UNIT OF THE LIVINGSTON PARISH POLICE JURY)  
Springfield, Louisiana

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended December 31, 1998

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
98-1	Audit report late	The District intends to engage auditors timely and to provide all necessary information timely in the future.	William R. Varnado	12/31/00

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FIRE PROTECTION DISTRICT NO. 2 OF LIVINGSTON PARISH  
 (A COMPONENT UNIT OF THE LIVINGSTON PARISH POLICE JURY)  
 Springfield, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

As of and for the Two Years Ended December 31, 1998

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>	<u>Planned Corrective Action - Partial Corrective Action Taken</u>
--------------	--	--------------------------------	--------------------------------	--

COMPLIANCE

None.

INTERNAL CONTROL OVER FINANCIAL REPORTING

96-1	June 30, 1994	For 1993-1996, no State Revenue Sharing Funds applied for.	Yes	For 1997 and 1998 funds were applied for, but were denied.
96-2	June 30, 1996	Some paid invoices were not marked paid/did not contain adequate approval.	Yes	For 1997 and 1998, a stamp was used which contained date paid, check number, general ledger distribution, and signature approving for payment.