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**MONTEREY FIRE PROTECTION DISTRICT
NO. 1 OF CONCORDIA PARISH
Monterey, Louisiana**

**Component Unit Financial Statements
With Independent Auditors' Report
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.

Release Date 2006 03 09

**MONTEREY FIRE PROTECTION DISTRICT
NO. 1 OF CONCORDIA PARISH
Monterey, Louisiana**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Monterey Fire Protection District
No. 1 of Concordia Parish
Monterey, Louisiana

We have audited the component unit financial statements of the Monterey Fire Protection District No. 1 of Concordia Parish as of December 31, 1998, and for the two years then ended, as listed in the table of contents. Those component unit financial statements are the responsibility of the management of the Monterey Fire Protection District No. 1 of Concordia Parish. Our responsibility is to express an opinion on these component unit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit 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 component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Monterey Fire Protection District No. 1 of Concordia Parish as of December 31, 1998, and the results of its operations for each of the years in the two year period then ended, in conformity with generally accepted accounting principles.

Ferriday, Louisiana
August 2, 1999

Switzer, Hopkins & Mange

**COMPONENT UNIT FINANCIAL STATEMENTS
(OVERVIEW)**

MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 1998

	<u>Governmental Fund Type General Fund</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum) Only)</u>
<u>ASSETS AND OTHER DEBITS</u>			
Cash	\$ 1,110	\$ -	\$ 1,110
Receivables - ad valorem taxes	13,422	-	13,422
Land, buildings and equipment (note 4)	<u>-</u>	<u>191,061</u>	<u>191,061</u>
TOTAL ASSETS	<u>14,532</u>	<u>191,061</u>	<u>205,593</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	175	-	175
Bank loans payable (note 5)	<u>2,032</u>	<u>-</u>	<u>2,032</u>
	<u>2,207</u>	<u>-</u>	<u>2,207</u>
Fund Equity:			
Investment in general fixed assets	-	191,061	191,061
Fund balances			
Unreserved	<u>12,325</u>	<u>-</u>	<u>12,325</u>
Total Fund Equity	<u>12,325</u>	<u>191,061</u>	<u>203,386</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 14,532</u>	<u>\$ 191,061</u>	<u>\$ 205,593</u>

The accompanying notes are an integral part of this statement.

MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 1998

Revenues:	
Ad valorem taxes	\$ 16,078
Intergovernmental revenue - state funds - fire insurance rebate	4,630
Use of money and property	<u>234</u>
Total revenues	<u>20,942</u>
Expenditures:	
Public safety:	
Current:	
Personal services and related benefits	700
Operating services	13,690
Materials and supplies	<u>1,150</u>
Total expenditures	<u>15,540</u>
Excess of revenues over expenditures	5,402
Fund balance at beginning of year	<u>6,923</u>
Fund balance at end of year	<u>\$ 12,325</u>

The accompanying notes are an integral part of this statement.

MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 1997

Revenues:	
Ad valorem taxes	\$ 17,244
Intergovernmental revenue - state funds - fire insurance rebate	4,496
Use of money and property	43
Total revenues	<u>21,783</u>
Expenditures:	
Public safety:	
Current:	
Personal services and related benefits	625
Operating services	13,186
Materials and supplies	2,884
Capital outlay	4,912
Debt service	344
Total expenditures	<u>21,951</u>
Excess of revenues (under) expenditures	(168)
Fund balance at beginning of year	<u>7,091</u>
Fund balance at end of year	<u>\$ 6,923</u>

The accompanying notes are an integral part of this statement.

**MONTEREY FIRE PROTECTION DISTRICT NO. 1
OF CONCORDIA PARISH
Monterey, Louisiana**

**Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1998**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Monterey fire Protection District No. 1 of Concordia Parish was created by the Concordia Parish Police Jury, as authorized by Louisiana Revised Statute 40:1495.1, for the purpose of providing fire protection within the district. The district is governed by a five member board appointed by the police jury. Board members serve five-year terms without compensation. The district has one paid part-time fireman; all others are volunteers. The district was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control of the property within the fire district.

A. REPORTING ENTITY

The reporting entity for Concordia Parish consist of the Concordia Parish Police Jury, which as governing authority of the parish is the component unit with oversight responsibility, and other governmental entities (component units) within the parish over which the police jury exercises oversight responsibility. In accordance with GASB Codification Section 2100, the Monterey Fire Protection District No. 1 of Concordia Parish is an integral part of the parish reporting entity and should be included within the component unit financial statements of that reporting entity, GASB Codification Section 2600 provides that a component unit may also issue financial statements separate from those of the reporting entity. Accordingly, the accompanying financial statements present information only on the financial operations of the Monterey Fire Protection District No. 1 of Concordia Parish and do not present information on the Concordia Parish Police Jury, the general government services provided by the policy jury or on other component units that comprise the Concordia Parish reporting entity.

B. FUND ACCOUNTING

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

MONTEREY FIRE PROTECTION DISTRICT NO. 1

Notes to the Financial Statements
December 31, 1998

B. FUND ACCOUNTING CONTINUED

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

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only governmental funds (General Fund). The district's primary source of revenue is an ad valorem tax. Other sources of revenue include state fire insurance rebate and interest on investments. General operating expenditures are paid from this fund.

C. FIXED ASSETS AND LONG-TERM DEBT

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets. Approximately 95 per cent of general fixed assets are valued at actual historical cost while the remaining 5 per cent are valued at estimated cost, based on the actual historical cost of like items.

Long-term obligations, such as notes payable, are recognized as a liability of a governmental fund only when due. The remaining portion of such obligations is reported in the general long-term debt account group.

MONTEREY FIRE PROTECTION DISTRICT NO. 1

Notes to the Financial Statements
December 31, 1998

D. BASIS OF ACCOUNTING

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

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The district uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Intergovernmental revenues are recorded when the district is entitled to the funds.

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

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

Expenditures

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

MONTEREY FIRE PROTECTION DISTRICT NO. 1

Notes to the Financial Statements
December 31, 1998

E. CASH AND CASH EQUIVALENTS

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the district has a cash balance (book balance) of \$1,110. These funds are entirely insured by FDIC insurance.

F. VACATION AND SICK LEAVE

The district has no regular employees requiring the adoption of vacation and sick leave policies.

G. TOTAL COLUMN ON COMBINED STATEMENTS

The total column on the combined balance sheet is captioned Memorandum Only (overview) to indicate that it is 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.

NOTE 2 - LEVIED TAXES

The district is authorized to levy a maximum tax of 3.10 mills annually on property within the boundaries of the district for maintenance and operation of the district. The district levied 3.10 mills for 1998 and 1997. The tax will expire with the 1998 tax roll. The differences between authorized and levied millages are the result of reassessments of the taxable property required by Article 7, Section 23 of the Louisiana Constitution of 1974.

NOTE 3 - GENERAL FIXED ASSETS

The following is a schedule of general fixed assets at December 31, 1998:

	<u>Balance Beginning of Year</u>	<u>Addition</u>	<u>Deletions</u>	<u>Balance End of Year</u>
1997	\$ 186,149	\$ 4,912	\$ -	\$ 191,061
1998	191,061	-	-	191,061

MONTEREY FIRE PROTECTION DISTRICT NO. 1

Notes to the Financial Statements
December 31, 1998

NOTE 4 - PENSION PLAN

The district has no employees which would require participation in a retirement system.

NOTE 5 - BANK LOANS PAYABLE

The following is a summary of bank loan transactions for the two years ended December 31, 1998:

Bank loans payable at December 31, 1996	\$ 8,500
For the year ended December 31, 1995	
Additions	8,500
Payments	(8,500)
For the year ended December 31, 1997	
Additions	7,500
Payments	(13,968)
Bank loans payable at December 31, 1998	<u>\$ 2,032</u>

Bank loans payable are retired from the General Fund.

NOTE 6 - LITIGATION AND CLAIMS

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

SECTION II

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

SWITZER, HOPKINS & MANGE

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Monterey Fire Protection District
No. 1 of Concordia Parish
Monterey, Louisiana

We have audited the general purpose financial statements of Monterey Fire Protection District No. 1 of Concordia Parish as of and for the two years ended December 31, 1998, and have issued our report thereon dated August 2, 1999. We have 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 Monterey Fire Protection District No. 1's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non compliance 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 object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Finding 98-01

We noted that the audit report was due by June 30, 1999, but was not completed until approximately six weeks later.

Monterey Fire Protection
District No. 1
Page Two

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monterey Fire Protection District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Seventh Judicial District Indigent Defender Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding 98-02

We noted that the Monterey Fire Protection District No. 1 does not have adequate segregation of duties in accounting in the office. We recommend that an attempt be made to strengthen internal control problems created by having few employees.

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. Our 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, we believe the reportable condition described above is not a material weakness.

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

Ferriday, Louisiana
August 2, 1999

Switzer, Hopkins & Manges

**SECTION III - SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

MONTEREY FIRE PROTECTION DISTRICT NO.1
MONTEREY, LOUISIANA

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

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.
2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards.
3. One instance of noncompliance with certain laws and regulations of Monterey Fire Protection District No. 1 was disclosed during the audit.

Findings - Financial Statement Audit

Reportable Conditions

1. Segregation of Duties

Condition: We noted that the Monterey Fire Protection District No. 1 does not have adequate segregation of duties.

Criteria: To increase internal controls, we recommend adequate segregation of duties.

Effect: Because of lack of segregation of duties, internal controls are weakened.

Recommendation: We recommend that an attempt be made to strengthen internal control problems created by having few employees.

Response: Management indicated that it would not be cost efficient or feasible to increase the number of employees.

Schedule of Findings and Questioned Costs
Page Two

2. Timeliness of audit

Condition: We noted that the audit was not completed within six months as required by Louisiana law.

Recommendation: To increase audit effectiveness, we recommend that annual audits be completed timely.

Response: Management indicated that it would comply with this audit requirement in the future years.

SECTION IV - RESPONSE

MONTEREY FIRE PROTECTION DISTRICT NO.1
OF CONCORDIA PARISH
MONTEREY, LOUISIANA 71354

August 10, 1999

Switzer, Hopkins & Mange
P. O. Box 1518
Ferriday, LA 71334

Dear Mr. Hopkins:

In regard to the segregation of duties internal control problem discussed in our audit for the year ended December 31, 1998, there is nothing that we can do or plan to do about the problem. We have only one employee and do not plan to hire any additional employees at this time. There is no way to segregate duties when you have only one employee.

Also in the future years, we will have the audit completed by the due date of six months after the end of our fiscal year.

Sincerely,



Jim Graves
Secretary