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**QUITMAN FIRE PROTECTION DISTRICT NO. 1  
JACKSON PARISH, LOUISIANA**

**Component Unit 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.

Release Date

~~6/9/99~~ 6/9/99

**KENNETH D. FOLDEN & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**QUITMAN FIRE PROTECTION DISTRICT NO. 1**  
**Jackson Parish, Louisiana**

**Component Unit Financial Statements**  
**As of and for the Two Years Ended December 31, 1998**

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## INDEPENDENT AUDITORS' REPORT

**John Kavanaugh, President  
and Members of the Board of Commissioners  
Quitman Fire Protection District No. 1  
P. O. Box 388  
Quitman, LA 71268**

We have audited the accompanying financial statements of the Quitman Fire Protection District No. 1, a component unit of the Jackson Parish Police Jury, as of and for the two years ended December 31, 1998. These general purpose financial statements are the responsibility of the Quitman Fire Protection District No. 1's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. 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.

As described more fully in Note 1, the financial statements of the Quitman Fire Protection District No. 1 are intended to present fairly only the financial position and results of operations of the Quitman Fire Protection District No. 1. The financial statements are not intended to present fairly the financial position and results of operations of the Jackson Parish Police Jury in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Quitman Fire Protection District No. 1, as of December 31, 1998, and the results of its 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 May 24, 1999, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

  
Kenneth D. Folden & Co.  
Certified Public Accountants

Jonesboro, Louisiana  
May 24, 1999

**QUITMAN FIRE PROTECTION DISTRICT NO. 1**  
**Jackson Parish, Louisiana**

**ALL FUND TYPES AND ACCOUNT GROUPS**  
**Combined Balance Sheet, December 31, 1998**

	<b>GOVERNMENTAL FUND TYPE - GENERAL FUND</b>	<b>ACCOUNT GROUP - GENERAL FIXED ASSETS</b>	<b>TOTAL (MEMORANDUM ONLY)</b>
<b>ASSETS AND OTHER DEBITS</b>			
<b>Assets:</b>			
Cash and cash equivalents	\$ 61,976	\$	\$ 61,976
Accounts receivable -			
Ad valorem taxes	19,112		19,112
Land, plant, and equipment		185,265	185,265
<b>TOTAL ASSETS</b>	<b>\$ 81,088</b>	<b>\$ 185,265</b>	<b>\$ 266,253</b>

**LIABILITIES, EQUITY AND OTHER CREDITS**

**Liabilities:**

Accounts payable	\$ 4,297	NONE	\$ 4,297
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**Equity:**

Investment in general fixed assets		185,265	185,265
Fund balance -			
Unreserved - undesignated	76,791		76,791
<b>Total Equity</b>	<b>76,791</b>	<b>185,265</b>	<b>262,056</b>

<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 81,088</b>	<b>\$ 185,265</b>	<b>\$ 266,353</b>
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The accompanying notes are an integral part of these financial statements.

**QUITMAN FIRE PROTECTION DISTRICT NO. 1**  
**Jackson Parish, Louisiana**  
**GOVERNMENTAL FUND TYPE - GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property taxes	\$ 30,000	\$ 31,129	\$ 1,129
Intergovernmental - Police Jury grants	5,000	5,390	390
Interest	1,010	2,025	1,015
Contributions	100	211	111
Total revenues	36,110	38,755	2,645
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public safety:</b>			
Repairs and maintenance	15,000	12,464	2,536
Statutory deductions	2,425	2,600	(175)
Insurance	4,500	4,666	(166)
Office supplies	400	155	245
Legal and accounting	2,500		2,500
Training courses	500	829	(329)
Telephone and utilities	2,500	2,665	(165)
Miscellaneous		74	(74)
Capital outlay	8,285	9,419	(1,134)
Total expenditures	36,110	32,872	3,238
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	NONE	5,883	5,883
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	61,019	70,908	9,889
<b>FUND BALANCE AT END OF YEAR</b>	\$ 61,019	\$ 76,791	\$ 15,772

The accompanying notes are an integral part of these financial statements.

**QUITMAN FIRE PROTECTION DISTRICT NO. 1**  
**Jackson Parish, Louisiana**  
**GOVERNMENTAL FUND TYPE - GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property taxes	\$ 29,961	\$ 32,824	\$ 2,863
Intergovernmental - Police Jury grants	5,305	5,305	
Interest	958	1,616	658
Contributions	1,811	1,250	(561)
Total revenues	38,035	40,995	2,960
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public safety:</b>			
Dues and subscriptions			
Repairs and maintenance	14,500	16,181	(1,681)
Building lease			
Statutory deductions	2,425	2,573	(148)
Insurance	4,000	3,686	314
Office supplies	335	1,132	(797)
Legal and accounting	2,500	2,484	16
Training courses	500	678	(178)
Telephone and utilities	2,200	3,163	(963)
Miscellaneous		296	(296)
Capital outlay	13,000	2,338	10,662
Total expenditures	39,400	32,531	6,929
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(1,425)	8,464	9,889
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	62,444	62,444	
<b>FUND BALANCE AT END OF YEAR</b>	\$ 61,019	\$ 70,908	\$ 9,889

The accompanying notes are an integral part of these financial statements.

**QUITMAN FIRE PROTECTION DISTRICT NO. 1**  
**Jackson Parish, Louisiana**

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

**INTRODUCTION**

The Quitman Fire Protection District No. 1 of Jackson Parish is located in the northern portion of Jackson Parish in northeast Louisiana. As provided by Louisiana Revised Statute 40:1495, the District is governed by a Board of Commissioners consisting of five members: two members are appointed by the Jackson Parish Police Jury; two members are appointed by the mayor and board of aldermen of Quitman, Louisiana; and one member who serves as chairman, is elected by the four appointed board members. Commissioners are residents of the District and serve staggered one and two year terms. The members of the Board of Commissioners do not receive compensation.

The District was created to provide safety for the prevention and control of fires within the approximate 80 square mile area of the District. The District has acquired land, buildings, and equipment in the effort to achieve its goals. Residents of the district serve as volunteer firemen.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (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. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Jackson Parish Police Jury is the financial reporting entity for Jackson 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 the 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 Jackson 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 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.

**QUITMAN FIRE PROTECTION DISTRICT NO. 1**

**Jackson Parish, Louisiana**

**Notes to the Financial Statements (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. REPORTING ENTITY (CONTINUED)**

Because the police jury approves the organization's governing body, and the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the Jackson 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 that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING**

The District uses a fund 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 financial resources.

Funds of the District are classified as one category: governmental. This category is divided into one fund type. A description of this fund classification and the fund type follows:

**Governmental Funds**

Governmental funds account for all of the District's general activities, including the collection and disbursement of specific or legally restricted monies, and acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

**General Fund**--the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

**D. BASIS OF ACCOUNTING**

The accounting and financial 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 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 all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes are assessed on a calendar year basis by the Tax Assessor of Jackson Parish. The Jackson Parish Tax Collector sends notices to property owners in either September or October. Taxes are due from property owners upon receipt of notice. Billed taxes become delinquent on December 31 of the current year. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. The taxes are generally collected in December of the current year and January and February of the ensuing year.



**QUITMAN FIRE PROTECTION DISTRICT NO. 1**  
**Jackson Parish, Louisiana**  
**Notes to the Financial Statements (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. BASIS OF ACCOUNTING (CONTINUED)**

**Revenues (Continued)**

Ad valorem taxes are collected by the Jackson Parish Tax Collector and remitted to the Quitman Fire Protection District No. 1. Therefore, amounts received during the current period are recognized as revenue; and amounts collected by the Tax Collector during the current period and received by the District within 60 days after December 31 are recorded as a receivable.

Intergovernmental revenues are recorded when the District is entitled to the funds. Substantially all other revenues are 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 recognized when due.

**E. BUDGETS**

Budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). Budgets are made available for public inspection at the time of adoption. The Board of Commissioners must meet and approve all budget changes or amendments. At year end, all appropriations lapse. Budget amounts for the year ended December 31, 1997, are as amended. Budget amounts for the year ended December 31, 1998, are as originally adopted.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

**G. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash and cash equivalents of the District include an interest-bearing demand deposit and a time deposit. 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.

**H. FIXED ASSETS**

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

**I. COMPENSATED ABSENCES**

There are no accumulated and vested benefits relating to vacation and sick leave as the District has no employees.

QUITMAN FIRE PROTECTION DISTRICT NO. 1

Jackson Parish, Louisiana

Notes to the Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. TOTAL COLUMNS OF COMBINED STATEMENTS

Total columns on the combined 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, results of operations, or changes in financial position 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.

2. LEVIED TAXES

The District was authorized and levied a 10.00 mill ad valorem tax for the year ended December 31, 1998 and a 10.63 mill ad valorem tax for the year ended December 31, 1997.

3. CASH AND CASH EQUIVALENTS

At December 31, 1998, the District has cash and cash equivalents (book balances) totaling \$61,976, as follows:

Interest-bearing demand deposits	\$ 16,994
Savings account	21,296
Time deposit	<u>23,686</u>
Total	<u>\$ 61,976</u>

These 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 a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the District has \$63,178 in deposits (collected bank balances). These deposits are secured from risk by \$63,178 of federal deposit insurance.

4. FIXED ASSETS

The changes in general fixed assets follow:

Balance January 1, 1997	Additions	Deletions	Balance December 31, 1997
\$ 21,472	\$	\$	\$ 21,472
157,847	2,338	5,811	154,374
<u>\$ 179,319</u>	<u>\$ 2,338</u>	<u>\$ 5,811</u>	<u>\$ 175,846</u>

Buildings  
Furniture and equipment  
Total

**QUITMAN FIRE PROTECTION DISTRICT NO. 1**  
**Jackson Parish, Louisiana**  
**Notes to the Financial Statements (Continued)**

	<b>Balance January 1, 1998</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 1998</b>
<b>Buildings</b>	\$ 21,472			\$ 21,472
<b>Furniture and equipment</b>	154,374	9,419		163,793
<b>Total</b>	<u>\$ 175,846</u>	<u>\$ 9,419</u>	<u>NONE</u>	<u>\$ 185,265</u>

**5. PENSION PLANS**

The District does not participate in any pension or retirement plans.

**6. LITIGATION AND CLAIMS**

The District is not involved in any litigation at December 31, 1998.

# Kenneth D. Folden & Co.

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

John Kavanaugh, President  
and Members of the Board of Commissioners  
Quitman Fire Protection District No. 1  
P. O. Box 388  
Quitman, LA 71268

We have audited the financial statements of the Quitman Fire Protection District No. 1, a component unit of the Jackson Parish Police Jury, as of and for the two years ended December 31, 1998, and have issued our report thereon dated May 24, 1999. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Quitman Fire Protection District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Quitman 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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

  
Kenneth D. Folden & Co.  
Certified Public Accountants

Jonesboro, Louisiana  
May 24, 1999

**Quitman Fire Protection District No. 1**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Two years ended December 31, 1998**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the (component unit) financial statements of the Quitman Fire Protection District No. 1.
2. No reportable conditions relating to the audit of the financial statement are 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. No instance of noncompliance material to the financial statements of the Quitman Fire Protection District No. 1 was disclosed during the audit.
4. The department had no federal award programs.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

There are no findings for the two years ended December 31, 1998.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

The department had no major federal award programs.

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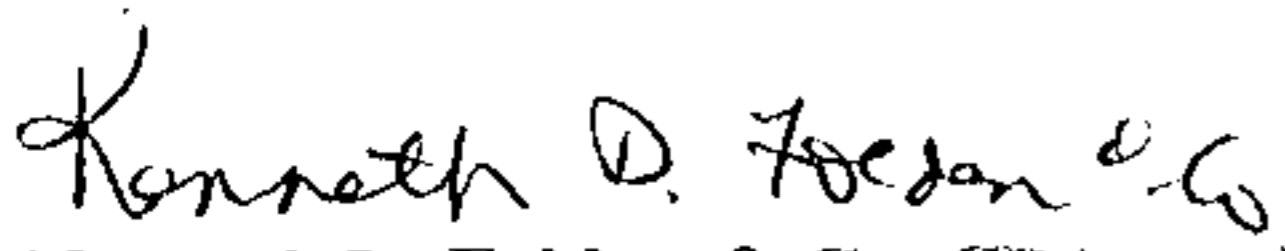
John Kavanaugh, President  
and Members of the Board of Commissioners  
Quitman Fire Protection District No. 1  
P. O. Box 388  
Quitman, Louisiana 71268

In planning and performing our audit of the financial statements of the Quitman Fire Protection District No. 1, as of and for the two years ended December 31, 1998, and to obtain reasonable assurance about whether the financial statements are free of material misstatement, we considered the following:

- (1) The internal control structure 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 structure; and,
- (2) As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Quitman Fire Protection District No. 1's compliance with certain provisions of laws, regulations, and contracts. The objective of our audit was not to provide an opinion on overall compliance with such provisions. Accordingly, we did not express such an opinion.

During our audit, as of and for the two years ended December 31, 1998, we became aware of a certain matter involving the internal control structure that was an opportunity for strengthening internal controls and compliance requirements. The memorandum that accompanies this letter summarizes our comments regarding that matter. (We previously reported on the Quitman Fire Protection District No. 1's internal control structure in our report dated May 24, 1999.) This letter does not affect our report dated May 24, 1999, on the financial statements of the Quitman Fire Protection District No. 1.

Sincerely,

  
Kenneth D. Folden & Co, CPAs  
May 24, 1999

### **Financial Reporting**

**The Quitman Fire Protection District No. 1 did not file its annual financial statements for the year ended December 31, 1997. Louisiana Revised Statute 24:514 states that annual financial statements are required to be filed with the Louisiana Legislative Auditor. As a result of not filing their financial statements for the year ended December 31, 1997, the District was required to have a two year audit for the year ending December 31, 1998.**

**In the future, we recommend that the District file their annual financial statements as required by Louisiana Revised Statute 24:514.**

**In a letter, dated May 26, 1999, the President of Quitman Fire Protection District No. 1 stated that the District's management misunderstood the requirement concerning filing annual financial statements. In the future, the District would file annual financial statements.**

### **Prior Year's Findings**

**The current status of the findings in the prior year compilation with attestation is as follows:**

- 1. Budget - District did not adopt their budget prior to the beginning of the fiscal year. Correction action has been taken; this finding is considered cleared.**
- 2. Code of Ethics - the District was purchasing gasoline and supplies from the convenience store owned by one of its commissioners. Correction action has been taken; this finding is considered cleared.**