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LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1998

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

Release Date 7-21-99

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

I have audited the accompanying general purpose financial statements of Lincoln Parish Fire Protection District No. 1 as of December 31, 1998, and for the year then ended. These financial statements are the responsibility of the management of Lincoln Parish Fire Protection District No. 1. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Parish Fire Protection District No. 1, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

WILLIAM R. HULSEY
Certified Public Accountant



May 28, 1999

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LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
COMBINED BALANCE SHEET -
ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Replacement Fund</u>
Assets:			
Cash	\$ 17,683	\$ 400,150	\$ 329,819
Investments	249,989	341,548	955,732
Unamortized Bond Premium	-	-	-
Receivables (net of allowance)	189,221	176,860	25,627
Taxes	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
General fixed assets	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long term debt	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 456,893	\$ 918,558	\$ 1,311,178
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	\$ 11,908	\$ -	\$ -
Due to other fund	-	-	-
General obligation bonds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>11,908</u>	<u>-</u>	<u>-</u>
Fund Equity:			
Investment in general fixed assets	-	-	-
Fund balance:			
Reserved for debt service	-	918,558	-
Reserved for equipment replacement	-	-	1,311,178
Unreserved	<u>444,985</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>444,985</u>	<u>918,558</u>	<u>1,311,178</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 456,893</u>	<u>\$ 918,558</u>	<u>\$ 1,311,178</u>

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 747,652
-	-	1,547,269
-	-	-
-	-	391,708
-	-	-
-	-	-
4,165,787	-	4,165,787
-	918,558	918,558
-	-	-
<u>-</u>	<u>1,751,442</u>	<u>1,751,442</u>
<u>\$ 4,165,787</u>	<u>\$ 2,670,000</u>	<u>\$ 9,522,416</u>
\$ -	\$ -	\$ 11,908
-	-	-
<u>-</u>	<u>2,670,000</u>	<u>2,670,000</u>
<u>-</u>	<u>2,670,000</u>	<u>2,681,908</u>
4,165,787	-	4,165,787
-	-	918,558
-	-	1,311,178
<u>-</u>	<u>-</u>	<u>444,985</u>
<u>4,165,787</u>	<u>-</u>	<u>6,840,508</u>
<u>\$ 4,165,787</u>	<u>\$ 2,670,000</u>	<u>\$ 9,522,416</u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental
	General Fund
Revenues:	
Taxes	\$ 27,596
Fees and other non tax revenue	474,500
Grants	-
Other revenues	<u>20,000</u>
Total revenues	<u>522,096</u>
Expenditures:	
Current:	
Public safety	
Salaries and benefits	99,631
Bad debts	(6,094)
Insurance and surety bonds	38,115
GIS Mapping	20,000
Professional services	2,635
Uniforms	2,552
Utilities	13,458
Vehicle expenditures	8,050
Maintenance	18,928
Education and training	1,364
Telephone	3,403
Office supplies	2,445
Publications, dues and subscriptions	4,533
Equipment rental	544
Travel	624
Miscellaneous	653
Leases and taxes	678
Debt service	
Principal	-
Interest and fees	-
Capital outlay	<u>28,545</u>
Total expenditures	<u>240,064</u>
Excess (deficiency) of revenues over expenditures	<u>282,032</u>
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	<u>(274,265)</u>
Total other financing sources (uses)	<u>(274,265)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	7,767
Fund balance, beginning	439,307
Prior period adjustment	<u>(2,089)</u>
Fund balance, ending	<u>\$ 444,985</u>

Fund Type		Total (Memorandum Only)
Debt Service Fund	Equipment Replacement Fund	
\$ 458,826	\$ -	\$ 486,422
-	-	474,500
-	-	-
<u>13,251</u>	<u>56,602</u>	<u>89,853</u>
<u>472,077</u>	<u>56,602</u>	<u>1,050,775</u>
-	-	99,631
11,653	-	5,559
-	-	38,115
-	-	20,000
-	-	2,635
-	-	2,552
-	-	13,458
-	-	8,050
-	-	18,928
-	-	1,364
-	-	3,403
-	-	2,445
-	-	4,533
-	-	544
-	-	624
-	-	653
-	-	678
235,000	-	235,000
173,007	-	173,007
-	-	28,545
<u>419,660</u>	<u>-</u>	<u>659,724</u>
<u>52,417</u>	<u>56,602</u>	<u>391,051</u>
-	274,265	274,265
-	-	(274,265)
-	274,265	-
52,417	330,867	391,051
866,141	980,317	2,285,765
-	(6)	(2,095)
<u>\$ 918,558</u>	<u>\$ 1,311,178</u>	<u>\$ 2,674,721</u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	General Fund		Variance
	Budget	Actual	
Revenues:			
Taxes	\$ 27,600	\$ 27,596	\$ (4)
Fees and other non tax revenue	474,500	474,500	-
Grants	-	-	-
Other revenues	23,600	20,000	(3,600)
Total revenues	<u>525,700</u>	<u>522,096</u>	<u>(3,604)</u>
Expenditures:			
Public safety			
Salaries and benefits	102,550	99,631	2,919
Bad debts	-	(6,094)	6,094
Insurance and surety bonds	38,120	38,115	5
GIS Mapping	20,000	20,000	-
Professional services	2,650	2,635	15
Uniforms	2,600	2,552	48
Utilities	14,500	13,458	1,042
Vehicle expenditures	8,900	8,050	850
Maintenance	19,200	18,928	272
Education and training	1,370	1,364	6
Telephone	3,450	3,403	47
Office supplies	2,500	2,445	55
Publications, dues and subscriptions	4,555	4,533	22
Equipment rental	550	544	6
Travel	630	624	6
Miscellaneous	700	653	47
Leases and taxes	680	678	2
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	28,480	28,545	(65)
Total expenditures	<u>251,435</u>	<u>240,064</u>	<u>11,371</u>
Excess (deficiency) of revenues over expenditures	<u>274,265</u>	<u>282,032</u>	<u>7,767</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(274,265)	(274,265)	-
Total other financing sources (uses)	<u>(274,265)</u>	<u>(274,265)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>7,767</u>	<u>\$ 7,767</u>
Fund balance, beginning		439,307	
Prior period adjustment		(2,089)	
Fund balance, ending		<u>\$ 444,985</u>	

	Debt Service		
Budget	Actual	Variance	
\$ 458,826	\$ 458,826	\$ -	
-	-	-	
-	-	-	
9,500	13,251	3,751	
468,326	472,077	3,751	
-	-	-	
9,700	11,653	(1,953)	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
235,000	235,000	-	
173,010	173,007	3	
-	-	-	
417,710	419,660	(1,950)	
50,616	52,417	(1,801)	
-	-	-	
-	-	-	
-	-	-	
\$ 50,616	52,417	\$ (1,801)	
	866,141		
	-		
	\$ 918,558		

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Equipment Replacement Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fees and other non tax revenue	-	-	-
Grants	-	-	-
Other revenues	<u>50,000</u>	<u>56,602</u>	<u>6,602</u>
Total revenues	<u>50,000</u>	<u>56,602</u>	<u>6,602</u>
Expenditures:			
Public safety			
Salaries and benefits	-	-	-
Bad debts	-	-	-
Insurance and surety bonds	-	-	-
GIS Mapping	-	-	-
Professional services	-	-	-
Uniforms	-	-	-
Utilities	-	-	-
Vehicle expenditures	-	-	-
Maintenance	-	-	-
Education and training	-	-	-
Telephone	-	-	-
Office supplies	-	-	-
Publications, dues and subscriptions	-	-	-
Equipment rental	-	-	-
Travel	-	-	-
Miscellaneous	-	-	-
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>56,602</u>	<u>6,602</u>
Other financing sources (uses):			
Operating transfers in	274,265	274,265	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>274,265</u>	<u>274,265</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 324,265</u>	330,867	<u>\$ 6,602</u>
Fund balance, beginning		980,317	
Prior period adjustment		<u>(6)</u>	
Fund balance, ending		<u>\$ 1,311,178</u>	

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Fire Protection District No. 1 of Ruston, Louisiana was created by resolution and adopted by the Police Jury on April 23, 1991. The governing body of the District consists of a seven member Board of Commissioners. Four of these commissioners are appointed by the municipalities of Downsville, Dubach, Simsboro, and the Town of Vienna. Three additional members are appointed by the Police Jury.

The accounting policies of Lincoln Parish Fire Protection District No. 1 conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Financial Reporting Entity

This report includes the funds and account groups which are controlled by the Board of Commissioners. Control by the District is determined on the basis of appointment of governing body and other general oversight responsibility. The accompanying financial statements are intended to present the financial position and results of operations of only the transactions of the Fire Protection District.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for by providing a separate set of self-balancing accounts which are comprised of the fund's assets, liabilities, fund equity, revenues and expenditures. The fund is grouped, in the financial statements in this report, into one generic fund type and broad fund category as follows:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund

This fund is established to account for resources devoted to financing the general services that the Fire Protection District performs. Fees and other revenues used to finance the fundamental operation of the Fire Protection District are included in this fund. The fund is charged with all costs of operating the Fire Protection District for which a separate fund has not been established.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Equipment Replacement Fund

This fund is established to reserve funds for the replacement of equipment when necessary.

In addition to the governmental fund types, the Fire Protection District also maintains two account groups as described below:

General Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. The governmental fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its balance sheet. Its reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in the governmental fund type operations are accounted for in the general fixed assets account group, rather than in the governmental fund. No depreciation has been provided on such general fixed assets. Public domain or infrastructures are not capitalized. All fixed assets are valued at historical cost.

General Long Term Debt Account Group

This account group is used to account for the outstanding principal balance of general obligation bonds and other long-term debt not recorded in proprietary funds.

The account group is not a "fund". Its purpose is to measure financial position, not results of operations.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become 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.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

Revenues

Ad Valorem Taxes

Ad valorem taxes and related state revenue sharing (which is based on assessments of business property and homesteads in the parish) 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 following year.

Budgets and Budgetary Accounting

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles. Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year end, all appropriations lapse.

Encumbrance Accounting

Encumbrance accounting, whereby outstanding purchase commitments are recorded, is not employed by the District.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The District's policy is to include short-term interest bearing deposits having a maturity of three months or less as cash equivalents in the financial statements.

Louisiana statutes permit the District to invest in United States' bonds, treasury notes, or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

Valuation of Carrying Amounts of Deposits

Cash is reported at net book value - the December 31, 1998, bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Memorandum Only - Total Columns

The total column on the Combined Statement is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Receivables and Payables

Due To and Due From Other Funds

Interfund receivables and payables arising from interfund transactions expected to be repaid in the next accounting cycle are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables have not been eliminated.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advance To and Advance From Other Funds

Interfund receivables and payables represent those that are not expected to be repaid during the next accounting cycle.

Compensated Absences

The following annual and sick leave policies are in effect:

Employees accrue from five to fifteen days of annual and sick leave each year depending on years of service with the District. Annual leave must be used in the year it is earned. Sick leave, up to a maximum of fifteen days, may be carried forward to the next year for major illnesses only. Upon separation, all unused sick leave lapses.

A provision for the compensated absences has been determined to be immaterial by the Fire Protection District, therefore, no provision has been included in these component unit financial statements.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At year end, the carrying amount of the Fire Protection District's deposits was \$747,652, while the bank balance was \$239,522. The bank balance is categorized as follows:

Amount insured by FDIC and FSLIC	\$ 200,000
Amount collateralized with securities held by the pledging financial institution's agent in the Districts name	<u>975,000</u>
Total bank balance	<u>\$1,175,000</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets account group is as follows:

	<u>Balance</u> <u>12/31/97</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/98</u>
Fire trucks	\$ 3,132,709	\$ 150,573	\$ -	\$ 3,283,282
Buildings	700,629	-	-	700,629
Site improvements	<u>161,596</u>	<u>20,280</u>	<u>-</u>	<u>181,876</u>
Total	<u>\$ 3,994,934</u>	<u>\$ 170,853</u>	<u>\$ -</u>	<u>\$ 4,165,787</u>

NOTE 4 - INVESTMENTS

Investing is performed in accordance with investment policies complying with state statutes and the District's charter. The investments of the District are categorized to give an indication of the level of risk assumed by the District at December 31, 1998. The categories are described as follows:

- Category 1 - Insured or registered, with securities held by the entity or its agents in the entity's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty, in its trust department in the entity's name.

Investments categorized by level of risk, are:

	<u>1</u>	<u>Category</u> <u>2</u>	<u>3</u>	<u>Carrying</u> <u>Amount</u>	<u>Fair</u> <u>Value</u>
Mortgage backed securities	\$ 398,212	\$ -	\$ -	\$ 398,212	\$ 403,752
U. S. Government securities	<u>1,135,032</u>	<u>-</u>	<u>-</u>	<u>1,135,032</u>	<u>1,139,820</u>
Total investments	<u>\$1,533,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,533,244</u>	<u>\$1,543,572</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 5 - ACCOUNTS RECEIVABLE

Property taxes, structure fees, and other receivables are shown net of an allowance for doubtful accounts.

	<u>Total Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>
Ad Valorem taxes	\$ 221,075	\$ 44,215	\$ 176,860
Structure fees	366,081	176,860	189,221
Other receivables	<u>25,627</u>	<u>-</u>	<u>25,627</u>
Total	<u>\$ 612,783</u>	<u>\$ 221,075</u>	<u>\$ 391,708</u>

NOTE 6 - PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM

Plan Description

The Parochial Employees' Retirement System, a Public Employee Retirement System, is a cost sharing multiple-employer plan that is governed by the Louisiana Revised Statutes, title II, Sections 1901 through 2015, specifically, and other general laws of the State of Louisiana.

Under the Parochial Retirement System, a member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit is equal to three percent of the member's coverage monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death under certain conditions are payable to the retiree's surviving spouse and minor children.

The District's total payroll for the year ended December 31, 1998 was \$81,467 of which \$22,232 was the covered payroll for employees in the Parochial Retirement System. The District has one employee covered under this retirement system.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 6 - PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM (Continued)

Description of Funding Policy

Covered employees are required by state statute to contribute 9.50% of their salary to the Parochial Retirement System. The Parish contributions are 7.75% of their salary. The contribution requirement for the year ended December 31, 1998 was \$3,835 which consists of \$2,112 from employees and \$1,723 from the District.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credit projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The Parochial Retirement System does not conduct separate measurements of assets and pension benefit obligations for individual employers. The benefit obligation at December 31, 1997 (the latest date for which such information was available at the date of this report) for the Parochial Retirement System as a whole, determined through an actuarial valuation performed as of that date was \$881,981,793. The Parochial Retirement System's net assets available for benefits on that date were \$874,023,941, resulting in an unfunded pension benefit obligation of \$7,957,852. Historical trend information showing the system's progress in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report. The Lincoln Parish Police Jury does not guarantee the benefits granted by the System.

NOTE 7 - PENSION PLAN - FIREFIGHTERS' RETIREMENT SYSTEM

Plan Description

The Firefighters' Retirement System is a defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana under the provisions of Louisiana Revised Statutes 11:2251 through 2269.

Under the Firefighters' Retirement System, a member is eligible for normal retirement if he has:

- 20 or more years of service and has attained age 50 or
- 12 years of service and has attained age 55 or
- 25 years of service at any age.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 7 - PENSION PLAN - FIREFIGHTERS' RETIREMENT SYSTEM (Continued)

Those employees meeting one of these requirements are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Benefits vest upon rendering 12 years of service to the District. Employees may elect to receive their pension benefits in the form of joint and survivor annuity.

The District's total payroll for the year ended December 31, 1998 was \$81,467 of which \$59,577 was the covered payroll for employees in the Firefighters' Retirement System. The District has three employees covered under this retirement system.

Description of Funding Policy

Covered employees are required by state statutes to contribute 8.0% of their salary to the Firefighters' Retirement System. The District's contribution is 9.0% of the employee's salary. The contribution requirement for the year ended December 31, 1998 was \$10,104 which consists of \$4,755 from employees and \$5,349 from the District.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in future years as a result of employee service to date. The measure is the actuarial present value of credit projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The Firefighters' Retirement System does not conduct separate measurements of assets and pension benefit obligations for individual employers. The benefit obligation at June 30, 1998, (the latest date for which such information was available at the date of this report) for the Firefighters' Retirement System as a whole, determined through an actuarial valuation as of that date was \$574,884,182. The Firefighters' Retirement System's net assets available for benefits on that date were \$536,826,709, resulting in an unfunded pension benefit obligation of \$38,057,473. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report. The District does not guarantee the benefits granted by the System.

NOTE 8 - LEASE OBLIGATIONS

The Lincoln Parish Fire Protection District has entered into twenty leases for real property on which to locate fire stations. The leases have various commencing dates beginning in April 1993, and running through April 1994. All leases run for twenty-five years following the commencing date

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 8 - LEASE OBLIGATIONS (Continued)

with an option for the district to renew the lease for an additional twenty-five years thereafter. All leases are for \$1 per year. Leases shall expire on their own terms if a fire station, fire protection facility or other similar structure is not constructed on the leased premises within twenty-four months from the date the agreement is executed by the lessor. Additionally, leases shall expire if the fire station, fire protection facility or other similar structure is not equipped with appropriate fire protection equipment or ceases to be used as a fire protection facility for a period of twenty-four consecutive months.

Because the leases are operating leases, no provision for the underlying property has been made in general fixed assets nor have the leases been reflected as general long term debt. The following is a schedule of future minimum lease payments:

<u>Year Ending December 31,</u>	<u>Amount</u>
1999	\$ 20
2000	20
2001	20
2002	20
2003	20
Later Years	<u>300</u>
Total minimum payments required	\$ <u>400</u>

NOTE 9 - BONDS PAYABLE

The District issued \$4,000,000 of General Obligation Bonds in 1991. Bonds payable at December 31, 1998 are as follows:

\$3,125,000 1991 General Obligation Bonds dated April 1, 1991, due in annual installments of \$145,000 to \$425,000 through April 1, 2006, interest from 6.2% to 12%. This issue is payable from ad valorem tax.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 9 - BONDS PAYABLE (Continued)

The annual requirements to amortize the bonded debt outstanding as of December 31, 1998, including interest payments of \$725,272 are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>
1999	\$ 412,508
2000	416,205
2001	418,535
2002	419,625
2003	424,320
Later Years	<u>1,304,079</u>
Total	<u>\$3,395,272</u>

The following is a summary of the District's General Obligation Bond transactions for the years ended December 31, 1998:

Bonds outstanding December 31, 1997	\$ 2,905,000
Retirements during 1998	<u>235,000</u>
Outstanding December 31, 1998	<u>\$ 2,670,000</u>

NOTE 10 - DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Fire Protection District No. 1 may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 10 - DEFERRED COMPENSATION PLAN (Continued)

The deferred compensation plan is administered by PEBSCO (Public Employee Benefit Service Corporation). Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by PEBSCO until paid or made available to the employees or beneficiaries, are the property of the District, subject only to the claims of the District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator. In the opinion of the District's legal counsel, the District has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 11 - LITIGATION

At December 31, 1998, according to the Parish District Attorney, the District had pending litigation, but adequate insurance coverage is afforded.

NOTE 12 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Board for the Fire Protection District receive no compensation.

NOTE 13 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget/Actual Unfavorable Variances

When comparing budget to actual expenditure amounts for the year ended December 31, 1998, no funds had an unfavorable variance for expenditures.

NOTE 14 - YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 14 - YEAR 2000 ISSUE (Continued)

Lincoln Parish Fire Protection District No. 1 has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting operations. All of these systems have been assessed, remediated, and tested and validated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Lincoln Parish Fire Protection District No. 1's remediation efforts will be successful in whole or in part, or that parties with whom the Lincoln Parish Fire Protection District No. 1 does business will be year 2000 ready.

WILLIAM R. HULSEY
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MONROE, LOUISIANA

MEMBER
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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

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana

I have audited the financial statements of Lincoln Parish Fire Protection District No. 1 as of and for the year ended December 31, 1998, and have issued my report thereon dated May 28, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lincoln Parish Fire Protection District No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of management, the Board of Commissioners, the Lincoln Parish Police Jury, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

WILLIAM R. HULSEY
Certified Public Accountant

A handwritten signature in black ink, appearing to read "Wm. R. Hulsey", written over the printed name and title.

May 28, 1999