

FINANCIAL SECTION



Accounting and Reporting

8. We randomly selected 6 disbursements made during the period under examination and: (1) trace payments to supporting documentation as to proper amount and payee, (2) determine if payments were properly coded to the correct fund and general ledger account, and (3) determine whether payments received approval from proper authorities.

Observation or Finding: Of the 6 disbursements chosen randomly during the period under examination all payments (1) had proper supporting documentation as to proper amount and payee, (2) were properly coded to the correct fund and general ledger account, and (3) were approved from the proper authorities.

Meetings

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

Observation or Finding: The District provided evidence indicating that agendas for meetings were posted or advertised as required.

Debt

10. We examined bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

Observation or Finding: There were no deposits that appeared to be proceeds of bank loans, bonds, or like indebtedness from examining bank deposits from January 1, 1996 to December 31, 1996.

Advances and Bonuses

11. We examined records and minutes for the year to determine whether any payments have been made which may constitute bonuses, advance, or gifts.

Observation or Finding: None of the records examined and minutes reviewed for the year were for or indicated payments made which may constitute bonuses, advances, or gifts.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types		Account Groups		Totals (Memorandum Only)
	General	Debt Service	General Fixed Assets	General Long Term Debt	
<u>ASSETS AND OTHER DEBITS</u>					
Cash and investments	\$108,740	\$3,262			\$112,002
Ad valorem taxes receivable	20,404	12,125			32,529
Due from other governmental units	84,767	50,374			135,141
Deposits	1,020				1,020
General fixed assets			\$1,873,767		1,873,767
Amount available in Debt Service Fund				\$65,761	65,761
Amount to be provided for retirement of general long-term debt				626,239	626,239
Total assets	\$214,931	\$65,761	\$1,873,767	\$692,000	\$2,846,459
<u>LIABILITIES, EQUITY, AND OTHER CREDITS</u>					
Liabilities:					
Bonds payable				\$650,000	\$650,000
Certificates of indebtedness				42,000	42,000
Total liabilities				692,000	692,000
Equity and Other Credits:					
Investment in general fixed assets			\$1,873,767		1,873,767
Fund balances:					
Reserved for debt service		\$65,761			65,761
Reserved for capital projects					
Unreserved - undesignated	\$214,931				214,931
Total equity and other credits	214,931	65,761	1,873,767		2,154,459
Total liabilities and fund equity	\$214,931	\$65,761	\$1,873,767	\$692,000	\$2,846,459

See accountant's report and notes to financial statements.

These agreed-upon procedures are substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertions included in the accompanying *Louisiana Attestation Questionnaire*. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the management and the Board of Commissioners of Lafourche Parish Fire Protection District No. 1 and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, under state law, this report is a public record and subject to unlimited distribution.

Stagni & Company, LLC

Thibodaux, Louisiana
March 14, 1997



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

Observation or Finding: The District did not have any employees paid during from January 1, 1996 to December 31, 1996.

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

Observation or Finding: None of the employees included in the listing of employees paid during the year (3. Above) were included on the list of immediate family members of each board member (2. Above).

Budgeting

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

Observation or Finding: The District provided us with a copy of the legally adopted budget and all amendments.

6. We traced the budget adoption and amendments to the minute book.

Observation or Finding: The budget was adopted appropriately and recorded in the minute book.

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

Observation or Finding: Actual revenues and expenditures did not exceed budgeted amounts by more than 5% in all funds which budgets were adopted.





STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Lafourche Parish Fire Protection District No. 1
Raceland, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Lafourche Parish Fire Protection District No. 1, (the District) solely to assist the users in evaluating the accompanying *Louisiana Attestation Questionnaire*, dated February 15, 1997 and prepared for the year ended December 31, 1996. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no presentation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our applied procedures, together with any observation or findings, follow:

Public Bid Law

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

Observation or Finding: The District had no expenditures during the year for materials and supplies exceeding \$5,000, or public works exceeding \$50,000.

Code of Ethics for Public Officials and Public Employees

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

Observation or Finding: The District provided us with a list of the immediate family members of each board member, and a list of outside business interests of all board members and employees, as well as their immediate families.

AGREED-UPON PROCEDURES SECTION



**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8 LONG TERM DEBT (Continued)

The annual requirements, including interest, to amortize all long term debt outstanding are as follows:

Maturity	General Obligation Bonds	Certificate of Indebtedness	Total
1997	\$60,970	\$22,720	\$83,510
1998	58,590	22,935	81,525
1999	56,505		56,505
2000	54,620		54,620
2001	57,651		57,651
2002-2006	263,376		263,376
2007-2011	287,960		287,960
2012-2015	240,800		240,800
Totals	\$1,080,292	\$45,655	\$1,125,947

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 7 CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance December 31, 1995	Additions	Deletions/ Adjustments	Balance December 31, 1996
Buildings	\$457,404	\$44,972	\$(19,160)	\$483,216
Furniture & Equipment	131,501	20,724	(10,848)	141,377
Trucks	1,242,575	1,627	5,015	1,249,217
TOTALS	\$1,831,662	\$ 67,323	\$(24,993)	\$1,831,662

Note 8 LONG TERM DEBT

At December 31, 1996, the District had outstanding a Certificate of Indebtedness bearing interest at a rate of 8.5% payable through February 1, 1998 and General Obligation Bonds bearing interest at 11% to 5.45% payable through April 1, 2015. The public improvement bonds bearing interest at a rate of 6.5% were repaid by March 1, 1995.

A summary of changes in long term obligations of the District is as follows:

	Payable December 1, 1995	Debt Incurred	Debt Retired	Payable December 31, 1996
Certificate of Indebtedness, Series 1988	\$61,000		\$19,000	\$42,000
General Obligation Bonds, Series 1995	650,000			650,000
TOTALS	\$711,000		\$19,000	\$711,000

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 1996.

Note 5 DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units at December 31, 1996 consisted of December 1996 ad valorem tax collections due from the Lafourche Parish Tax Collector to be remitted to the District in January 1997.

Note 6 BUDGETARY REPORTING

The accompanying Statement of Revenues, Expenditures, and Changes in Cash Balances - Budget (Non-GAAP Basis) and Actual, presents comparisons of the District's adopted budget (more fully described in Note 1) with actual data on a budgetary basis. The budget is prepared on a cash basis which is not GAAP.

The revenues and expenditures shown on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances are reconciled with amounts reflected on the budget comparisons as follows:

	General Fund	Debt Service	Capital Projects
Excess (Deficiency) of Revenues and Other financing Sources over Expenditures and Other Uses (GAAP Basis)	\$45,189	\$(22,624)	\$(42,220)
(Increase) decrease in revenues and receivables	4,427	(2,582)	0
Excess (Deficiency) of Revenues and Other financing sources over Expenditures and Other Uses (Budgetary Basis)	\$49,616	\$(25,206)	\$(42,220)

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 DEPOSITS AND INVESTMENTS (Continued)

The District's deposits are secured from risk by \$100,000 of federal deposit insurance and \$100,359 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 AD VALOREM TAXES

Ad Valorem taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at the percentages of actual value as specified by Louisiana law.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1996. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 1995 was \$4.94 per \$1,000 of assessed valuation of property within Lafourche Parish Fire

Protection District No. 1 for the purpose of maintaining and operating the facilities and programs, and \$2.75 per \$1,000 for the purpose of payment of general long term debt, principal, interest, and related costs for the District.

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

i. Long Term Debt

The accounting and reporting treatment applied to long-term obligations associated with a fund are determined by its measurement focus. Long term obligations expected to be financed from governmental funds are accounted for the General Long Term Debt Account Group, not in the governmental funds.

The Long Term Debt Account Group is not a "fund". It is concerned only with the measurement of financial position, not with the measurement of results of operations.

j. Total (Memorandum Only) Columns on Combined Statements

The total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position or the results of operations, 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.

Note 2 DEPOSITS AND INVESTMENTS

At December 31, 1996 the District has cash book balances (all deposits) of \$112,002 and bank balances totaling \$112,745. 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.

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

g. Cash and Deposits

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.

Under state law, the District may invest in United States bonds, treasury notes, or certificates.

State law also recognizes that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security deposits. Obligation furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

h. General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. The Account Group is not a fund. It is concerned only with the measurement of financial position, not with the measurement of results of operations.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including bridges, curbs, etc. are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets classified as trucks and buildings, and assets purchased since January 1, 1994 are valued at historical cost. All other fixed assets are valued as estimated cost because historical cost was not available. Donated fixed assets are valued at their estimated fair value on the date donated.

**LAFOURCHE PARISH FIRE
PROTECTION DISTRICT NO. 1**
*RACELAND, LOUISIANA
PARISH OF LAFOURCHE*

**FINANCIAL REPORT AND
COMPLIANCE REPORT**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 1996**



**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

c. Basis of Accounting, (Continued)

Ad valorem taxes are considered "measurable" at the time of levy. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

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

d. Operating Budgetary Data

Budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Annual appropriated budgets are adopted on a cash basis for all governmental fund types and lapse at year end. The budget is amended by supplemental appropriations as needed during the year to comply with state law.

e. Bad Debts

The financial statements for the District contain no allowance for bad debts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would seem to indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Fund.

f. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the District's book, is not utilized by the District. The District is on a cash basis for daily operations and this method of accounting is not considered efficient or useful.

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***LAFOURCHE PARISH FIRE
PROTECTION DISTRICT NO. 1
RACELAND, LOUISIANA
PARISH OF LAFOURCHE***

***FINANCIAL REPORT AND
COMPLIANCE REPORT***

***AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 1996***

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 APR 16 1997



**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

*General Purpose Financial Statements
As of and for the Year Ended December 31, 1996*

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STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

Board of Commissioners
Lafourche Parish Fire Protection District No. 1
Raceland, Louisiana

We have compiled the accompanying general purpose financial statements of the Lafourche Parish Fire Protection District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1996 as listed in the financial section of the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

Stagni & Company, LLC

Thibodaux, Louisiana
March 14, 1997

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 For the year ended December 31, 1996

	Governmental Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Project	
REVENUES				
Taxes - ad valorem	\$114,749	\$59,923		\$174,672
Intergovernmental:				
State of Louisiana:				
State Revenue Sharing	6,304			6,304
Insurance Rebate	24,646			24,646
Lafourche Communication District	10,800			10,800
Other	3,730	3,389	\$2,532	9,651
Total Revenues	<u>160,229</u>	<u>63,312</u>	<u>2,532</u>	<u>226,073</u>
EXPENDITURES				
General government - current:				
Ad valorem tax deductions	3,440	2,044		5,484
Public Safety	89,706		0	89,706
Total current expenditures	<u>93,146</u>	<u>2,044</u>	<u>0</u>	<u>95,190</u>
Capital expenditures	<u>23,949</u>		<u>44,752</u>	<u>68,701</u>
Debt Service:				
Principal retirement		19,000		19,000
Interest and fiscal charges		62,837		62,837
Total debt service		<u>81,837</u>		<u>81,837</u>
Total expenditures	<u>117,095</u>	<u>83,881</u>	<u>44,752</u>	<u>245,728</u>
Excess (deficiencies) of revenues over expenditures	43,134	(20,569)	(42,220)	(19,655)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	<u>2,055</u>	<u>(2,055)</u>		<u>0</u>
EXCESS (DEFICIENCIES) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>45,189</u>	<u>(22,624)</u>	<u>(42,220)</u>	<u>(19,655)</u>
FUND BALANCES				
Beginning of year	169,742	88,385	42,220	300,347
End of year	<u>\$214,931</u>	<u>\$65,761</u>	<u>\$0</u>	<u>\$280,692</u>

See accountant's report and notes to the financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Statement of Revenues, Expenditures, and Changes
in Cash Balances - Budget (Non-GAAP Basis) and Actual
General Fund

For the year ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable Unfavorable)
<u>REVENUES</u>			
Taxes - ad valorem	\$111,000	\$119,113	\$8,113
Intergovernmental:			
State of Louisiana			
State Revenue Sharing	9,400	6,304	(3,096)
Insurance Rebate	25,000	24,646	(354)
Lafourche Communication District	10,800	10,800	0
Other	2,000	7,769	5,769
Total Revenues	<u>158,200</u>	<u>168,632</u>	<u>10,432</u>
<u>EXPENDITURES</u>			
General government - current:			
Ad valorem tax deductions	6,100	5,257	843
Public Safety	125,000	91,865	33,135
Total current expenditures	<u>131,100</u>	<u>97,122</u>	<u>33,978</u>
Capital expenditures	65,900	23,949	41,951
Total expenditures	<u>197,000</u>	<u>121,071</u>	<u>75,929</u>
Excess (deficiencies) of revenues over expenditures	(38,800)	47,561	86,361
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in (out)	<u>1,900</u>	<u>2,055</u>	<u>155</u>
Total other financing sources (uses)	<u>1,900</u>	<u>2,055</u>	<u>155</u>
EXCESS (DEFICIENCIES) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(36,900)	49,616	86,516
<u>CASH BALANCES</u>			
Beginning of year	61,089	71,089	10,000
End of year	<u>\$24,189</u>	<u>\$120,705</u>	<u>\$96,516</u>

See accountant's report and notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Combined Statement of Revenues, Expenditures, and Changes
in Cash Balances - Budget (Non-GAAP Basis) and Actual
Debt Service Funds

For the year ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable Unfavorable)</u>
REVENUES			
Taxes - ad valorem	\$61,700	\$57,177	(\$4,523)
Other - interest	650	3,389	2,739
Total Revenues	<u>62,350</u>	<u>60,566</u>	<u>(1,784)</u>
EXPENDITURES			
General government - current:			
Ad valorem tax deductions	3,335	1,880	1,455
Debt Service:			
Principal retirement	19,000	19,000	0
Interest and fiscal charges	64,778	62,837	1,941
Total debt service	<u>83,778</u>	<u>81,837</u>	<u>1,941</u>
Total expenditures	<u>87,113</u>	<u>83,717</u>	<u>3,396</u>
Excess (deficiencies) of revenues over expenditures	(24,763)	(23,151)	1,612
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	<u>(1,650)</u>	<u>(2,055)</u>	<u>(405)</u>
Total other financing sources (uses)	<u>(1,650)</u>	<u>(2,055)</u>	<u>(405)</u>
EXCESS (DEFICIENCIES) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(26,413)	(25,206)	1,207
CASH BALANCES			
Beginning of year	<u>28,459</u>	<u>28,468</u>	<u>9</u>
End of year	<u><u>\$2,046</u></u>	<u><u>\$3,262</u></u>	<u><u>\$1,216</u></u>

See accountant's report and notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Combined Statement of Revenues, Expenditures, and Changes
in Cash Balances - Budget (Non-GAAP Basis) and Actual
Capital Project Fund
For the year ended December 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Other - interest	\$500	\$2,532	\$2,032
Total revenues	<u>500</u>	<u>2,532</u>	<u>2,032</u>
<u>EXPENDITURES</u>			
General government - current:			
Public Safety	0	0	0
Total current expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Capital expenditures	40,950	44,752	(3,802)
Total expenditures	<u>40,950</u>	<u>44,752</u>	<u>(3,802)</u>
Excess (deficiencies) of revenues over expenditures	(40,450)	(42,220)	(1,770)
<u>CASH BALANCES</u>			
Beginning of year	42,220	42,220	0
End of year	<u>\$1,770</u>	<u>\$0</u>	<u>\$ (1,770)</u>

See accountant's report and notes to financial statements.

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 1996**

The Lafourche Parish Council adopted a resolution creating Fire Protection District No. 1 of the Parish of Lafourche, Louisiana and defining and describing the boundaries thereof on May 13, 1953. The District comprises that territory within the present boundaries of Police Jury Wards three and seven of Lafourche Parish. The District has all the rights and powers and privileges granted by and conferred by the Constitution and Statutes of the State of Louisiana, including the right to incur debt, issue bonds, and levy taxes.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Lafourche Parish Fire Protection District No. 1 (the District) conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

a. Reporting Entity

The District is a component unit of the Lafourche Parish Council.

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.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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.

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT NO. 1
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

b. Fund Accounting, (Continued)

Governmental Funds

Governmental funds are those through which the governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of change in financial position, rather than upon net income determination. The Governmental Funds of the District are as follows:

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition or construction of general fixed assets.

c. 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 measurements made, regardless of the measurement focus applied.

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.