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### FIRE PROTECTION DISTRICT NO. 4 OF ALLEN PARISH

### ANNUAL FINANCIAL STATEMENTS

Year Ended December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9.1.04

BASIC FINANCIAL S	TATEMENTS
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ACCOUNTANT'S COMPILATION REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-8

#### CONTENTS

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Page

.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	11
Statement of activities	12
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	15
Reconciliation of the governmental funds balance sheet	
to the statement of net assets	16
Statements of revenues, expenditures and changes in fund	
balance-Governmental Funds	17
Reconciliations of the statement of revenues, expenditures, and	
changes in fund balance of governmental funds to the statement	
of activities	18
NOTES TO THE FINANCIAL STATEMENTS	19-27
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary comparison schedules	29
ΝΙΏΡΡΕΝΙΏΡΝΙΤ Α ΩΩΟΙ ΝΙΤΑΝΤΎς ΡΈΡΩΡΤ ΟΝΙ ΑΌΡΙ ΜΙΝΟ	
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	30-32
AGREED-UPON FROCEDORES	
LOUISIANA ATTESTATION QUESTIONNAIRE	33-34
SUMMARY OF FINDINGS AND QUESTIONED COSTS	35

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Member Society of Louisiana Certified Public Accountants

### ACCOUNTANT'S COMPILATION REPORT

June 26, 2004

Board of Commissioners Fire Protection District No. 4 of Allen Parish Kinder, Louisiana

I have compiled the accompanying basic financial statements of the Fire Protection District No. 4 of Allen Parish, a component unit of the Allen Parish Police Jury, as of December 31, 2003, and for the year then ended, as listed in 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. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis and the required supplementary information on page 29, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion it.

As described in Note H to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, <u>Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments</u>, Statement No. 37, <u>Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments</u>; <u>Omnibus</u>, Statement No. 38 <u>Certain Financial Statement Note Disclosures</u>, and Interpretation No. 6, <u>Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial</u>

Statements. This results in a change in the format and content of the basic financial statements.

In accordance with Louisiana Govenmental Audit Guide and provisions of state law, I have issued a report dated June 26, 2004, on the results of agreed-upon procedures.

Rayn T. Sumern, CPA, APAC Royce T. Scimemi, CPA, APAC

Management's Discussion and Analysis

Within this section of the Fire Protection District No. 4 of Allen Parish (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2003. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### **Financial Highlights**

- The District's assets exceeded its liabilities by \$783,308 (net assets) for the fiscal year reported. •
- For 2003 total revenues of \$317,843 exceeded total expenditures of \$178,640, which resulted in a current ٠ year surplus of \$139,203.
- Total net assets are comprised of the following: •
  - (1) Capital assets of \$173,767 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt, if any, related to the purchase of capital assets.
  - (2) Restricted net assets of \$207,506 includes funds for debt service.
  - (3) Unrestricted net assets of \$402,095.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$402,095, or • 621% of total General Fund expenditures and 240% of total General Fund revenues.
- Overall, the District continues to maintain a solid financial position and is continuing to work to improve ۰ on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### **Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2004.

#### **Government-wide Financial Statements**

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

Management's Discussion and Analysis (Continued)

The second government-wide statement is the Statement of Activities, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 11 and 12 of this report.

#### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15 through 18 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

#### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on page 29 of this report.

#### Financial Analysis of the District as a Whole

The District implemented the new financial reporting model used in this report beginning with the year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

Management's Discussion and Analysis (Continued)

The District's net assets at fiscal year-end are \$783,308. The following table provides a summary of the District's net assets:

Assets:		
Current assets	\$ 624,623	40%
Capital assets	943.707	<u>60</u>
Total assets	<u>1,568,330</u>	<u>100</u> %
Liabilities:		
Current liabilities	80,022	10%
Long-term liabilities	705.000	<u>90</u>
Total liabilities	<u>_785.022</u>	<u>100</u> %
Net assets:		
Investment in capital		
assets, net of debt	173,707	22%
Restricted	207,506	27
Unrestricted	402,095	51
Total net assets	\$ <u>_783,308</u>	<u>100</u> %

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 7.81 to 1.

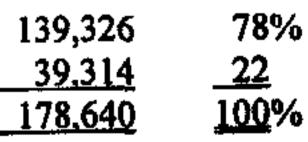
Note that approximately 22% of the governmental activities' net assets are tied up in capital assets. The District uses these capital assets to provide services to its taxpayers.

Overall, the District reports net assets of \$783,308. This amounts to an increase in net assets of \$139,203. The District has \$943,707 invested in capital assets. The District's overall financial position improved during fiscal year 2003.

Since this is the first year in which government-wide information is available, comparative data is not presented for fiscal year 2002. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the District's changes in net assets:

Revenues:		
Program:		
Operating grants and contributions	\$ 28,304	9%
General:		
Ad valorem taxes	283,599	89
Interest	<u> </u>	<u>_2</u>
Total Revenues	<u>317,843</u>	<u>100</u> %

Program expenses: Fire fighting and rescue Interest on long-term debt Total expenses



Change in net assets Beginning net assets

Ending net assets

139,203 <u>644,105</u>

\$<u>783.308</u>

Management's Discussion and Analysis (Continued)

#### **Governmental Revenues**

The District is heavily reliant on property taxes to support its operations. Property taxes provided 89% of the District's revenues.

#### **Governmental Functional Expenses**

The total function of the District is fire fighting and rescue. The only other non-functional cost is interest expense related to the outstanding general obligation bonds. Of the total cost, depreciation on the property and equipment was \$80,709 for 2003 or 45% of total expenses in 2003.

#### **Major Governmental Funds**

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$102,629 in 2003. In fiscal year 2003, revenues remained relative constant from the prior year. Operating expenditures decreased by \$46,085 in 2003, in large because of significant reduction in capital outlays during 2003. The Debt Service Fund accumulates resources for the payment of long-term debt. The fund balance increased by \$43,793 in 2003.

#### **Budgetary Highlights**

The General Fund – When the original 2003 budget was adopted, it was anticipated that the total revenues were going to be more than the previous fiscal year by \$72,437 mainly due to an anticipated increase in grant revenues. The original budget reflected an increase in total expenditures of \$128,594 from the previous fiscal year mainly due to an anticipated increase in capital outlays. The budget was amended once during the 2003, mainly to eliminate grant revenues not to be received during the current year.

#### **Capital Assets and Debt Administrators**

#### Capital assets

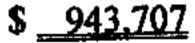
The District's investment in capital assets, net of accumulated depreciation as of December 31, 2003, was \$943,707. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

Nondepreciable assets-land	\$ 16,100
Depreciable assets:	
Buildings	424,588
Equipment	323,610
Vehicles	<u>918,621</u>
Total depreciable assets	1,666,819
Less accumulated depreciation	<u>739,212</u>
Book value-depreciable assets	\$ <u>927.607</u>

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Percentage depreciated





Book value-all assets

Management's Discussion and Analysis (Continued)

#### Long-term debt

At the end of the fiscal year, the District had total general obligation bonds outstanding of \$770,000. The total amount of these obligations is secured by debt service fund revenue. During the year 2003, the District retired \$65,000 of the outstanding debt balance. See Note D for additional information regarding long-term debt.

#### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances, comply with financerelated laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Treasurer, Orville Augustine, at (337) 738-2233.

**BASIC FINANCIAL STATEMENTS** 

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GOVERNMENT-WIDE

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FINANCIAL STATEMENTS (GWFS)

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STATEMENT OF NET ASSETS

December 31, 2003

#### **Governmental**

Activities

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ASSETS

\$.256,348
76,633
290,998
524
120
16,100
<u>927,607</u>

Total assets

\$ <u>1,568,330</u>

#### LIABILITIES

Current liabilities:	
Accounts payable	\$ 993
Accrued interest payable	14,029
Long-term liabilities:	
Due within one year	65,000
Due after one year	<u>705.000</u>
Total liabilities	<u>_785,022</u>
NET ASSETS	
Invested in capital assets, net of related debt	173,707
Restricted	207,506
Unrestricted	402,095
Total net assets	\$ <u>783.308</u>

See accompanying notes and accountant's report.

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### STATEMENT OF ACTIVITIES

Year Ended December 31, 2003

		Program Revenues			Net (Expense) Revenues and
Activities	Expenses	Direct_	Operating Grants and <u>Contributions</u>	Capital Grants and <u>Contributions</u>	<u>Changes in Net Assets</u> Governmental <u>Activities</u>
Governmental activities: Fire fighting and rescue Interest on long-term debt	\$139,326 <u>39,314</u>	\$ - 	\$ 28,304 	\$	\$ (111,022) (39,314)
Total	\$178.640	<u> </u>	<u>\$ 28.304</u>	<u> </u>	(150,336)

General revenues: Ad valorem taxes Interest carnings	283,599 <u>5.940</u>
Total general revenues	<u>289,539</u>
Change in net assets	139,203

Annube III und mont

644.105

<u>\$ 783.308</u>

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Net assets-December 31, 2002

Net assets-December 31, 2003

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See accompanying notes and accountant's report.

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### FUND FINANCIAL STATEMENTS (FFS)

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### **MAJOR FUND DESCRIPTIONS**

#### **General Fund**

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To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

#### **Debt Service Fund**

To account for the accumulation of resources for, and the payment of long-term debt.

### **BALANCE SHEET – GOVERNMENTAL FUNDS**

December 31, 2003

		General <u>Fund</u>	Debt Service <u>Fund</u>	<u>Total</u>
	ASSETS			
Cash		\$ 187,568	\$ 68,780	\$ 256,348
Investments		76,633	-	76,633
Receivables				
Accrued interest		524	-	524
Ad valorem taxes, net		138,243	152,755	290,998
Payroll taxes (overpaid)		120		<u>    120</u>
		\$ 400 000	<b>\$ 001 COC</b>	# <04 <00

TOTAL ASSETS\$ 403.088\$ 221.535\$ 624.623

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### LIABILITIES AND FUND EQUITY

LIABILITIES Accounts payable	TOTAL LIABILITIES	\$ <u>993</u> <u>993</u>	\$	\$ <u>993</u> <u>993</u>
FUND EQUITY Fund balances				001 505
Reserved for debt service		-	221,535	221,535
Unreserved and undesignated		<u>402,095</u>	<b></b>	<u>402,095</u>
Ç	TOTAL FUND EQUITY	402,095	<u>221,535</u>	<u>623,630</u>
TOTAL LIABILITIE	S AND FUND EQUITY	\$ <u>403.088</u>	\$ <u>221.535</u>	\$ <u>624.623</u>

See accompanying notes and accountant's report.

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### Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

December 31, 2003

Total fund balances for governmental funds at December 31, 2003		\$ 623,630
Total net assets reported for governmental activities in the statement of ne assets is different because:	t	
Capital assets used in governmental activities are not financial resourc and, therefore, are not reported in the funds. Those assets consist of		
Land	\$ 16,100	
Buildings, net of \$142,855 accumulated depreciation	281,733	
Equipment, net of \$165,453 accumulated depreciation	158,157	
Vehicles, net of \$430,904 accumulated depreciation	<u>487,717</u>	943,707

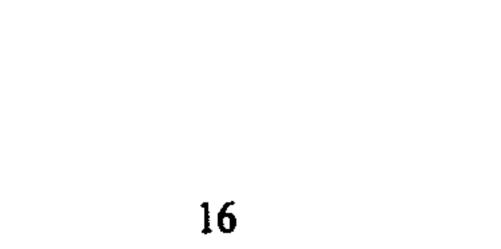
Long-term liabilities at December 31, 2003:

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General obligations bond payable Accrued interest payable	\$ (770,000) <u>(14,029</u> )	<u>(784,029</u> )
Total net assets of governmental activities at December 31, 2003		\$ <u>783.308</u>

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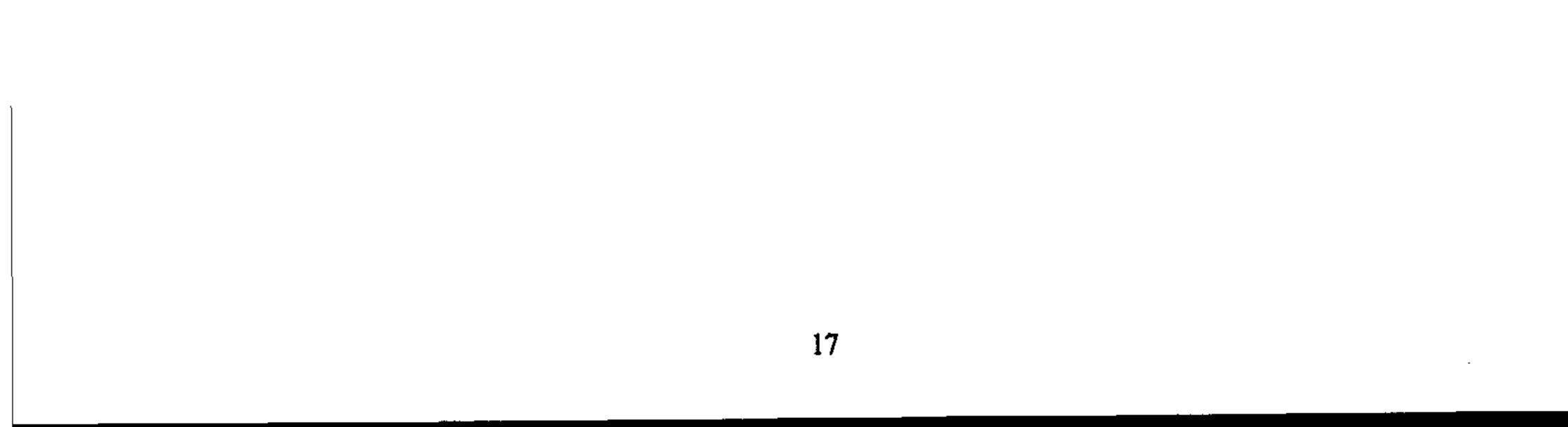


### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

Year Ended December 31, 2003

	General <u>Fund</u>	Debt Service <u>Fund</u>	<u>Total</u>
REVENUES			
Ad valorem taxes, net	\$ 134,730	<b>\$ 148,869</b>	\$ 283,599
Interest	4,543	1,397	5,940
Intergovernmental	28,117	187	28,304
TOTAL REVENUES	<u>167,390</u>	<u>150,453</u>	317.843
EXPENDITURES			
Current			
Advertising	1,286	-	1,286
Dues	513	-	513
Fuel	4,050	-	4,050
Insurance	25,287	-	25,287
Material & supplies	1,070	-	1,070
Payroll taxes	464	-	464
Professional fees	5,055	-	5,055
Repairs & maintenance	7,831	-	7,831
Salaries	4,500	-	4,500
Secretary fees	900	-	900
Training	1,237	-	1,237
Utilities	5,666	-	5,666
Capital outlay	6,902	-	6,902
Debt service			
Paying agent fees	-	758	758
Principal	-	65,000	65,000
Interest		40.902	40.902
TOTAL EXPENDITURES	<u>64.761</u>	<u>106.660</u>	<u>171.421</u>
EXCESS (DEFICIENCY) OF REVENUES			
OVER EXPENDITURES	<u>102.629</u>	<u>43,793</u>	<u>146,422</u>
FUND BALANCE – BEGINNING	<u>299.466</u>	<u>177.742</u>	<u>477,208</u>
FUND BALANCE – ENDING	\$ <u>402.095</u>	\$ <u>221,535</u>	\$ <u>623.630</u>

See accompanying notes and accountant's report.



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Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended December 31, 2003

Total net changes in fund balances at December 31, 2003 per Statement of Revenues, Expenditures and Changes in Fund Balances

The change in net assets reported for governmental activities in the statement of activities is different because:

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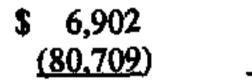
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances Depreciation expense for the year ended December 31, 2003

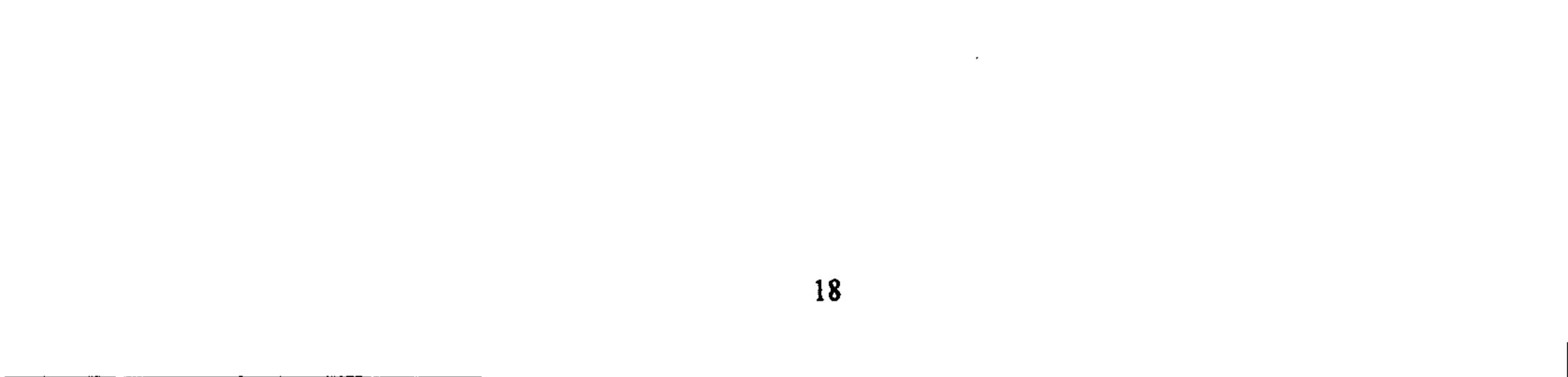
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\$ 146,422





However, this expenditure does not appear in the statement of	
activities since the payment is applied against the bond payable on the statement of net assets	65,000
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	<u>    1,588</u>
Total changes in net assets at December 31, 2003 per Statement of Activities	\$ <u>139,203</u>



Notes to the Financial Statements

December 31, 2003

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 4 of Allen Parish was created under the provisions of Louisiana Revised Statutes 40:1492-1501, for the purpose of providing fire protection for the people of Ward 4 of Allen Parish. The district is governed by a board of commissioners composed of five members appointed by the Allen Parish Police Jury.

The accompanying general purpose financial statements of the Fire Protection District No. 4 of Allen Parish 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.

1. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for Allen 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 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 Allen 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 organizations' 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 compose specific financial burdens on the police jury.
- 2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all members to the governing body and has the ability to impose its will on the District, the District was determined to be a component unit of the Allen 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 the governmental unit, or the other governmental units that comprise the financial reporting entity.

Notes to the Financial Statements

December 31, 2003

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation

The accompanying basic financial statements of the district have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, "Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments", issued in June 1999.

Government-Wide Financial Statements (GWFS)

The statement of net assets and the statement of activities display information about the District's Office as a whole. These statements include all the financial activities of the District's office except for fiduciary-agency funds. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchanges occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues are presented as general revenues.

### Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid managements by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a selfbalancing set of accounts. The various funds of the District are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The major funds of the District are described below:

Governmental Fund Types:

#### General Fund –

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General 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 debt.

Notes to the Financial Statements

December 31, 2003

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District operations. 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 amounts reflected in the governmental funds us the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The district considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Those revenues susceptible to accrual are property taxes and interest.

### Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time purchased.

### 4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. 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.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or 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. At December 31, 2003 the District had \$333,011 in deposits (collected bank balances). Deposits of \$176,423 were secured from risk by federal deposit insurance and \$156,588 were secured by pledged securities.

#### 5. Accounts Receivable

Accounts Receivable does not include immaterial amounts to be held in escrow by the Allen Parish Tax Collector. Due to the filing of protests by the pipeline owners within the parish, forty percent of the tax payments for the year 2000 made by these owners were withheld pending the outcome of the litigation. Should the outcome be in favor of the pipeline owners, this money will be returned to them. In the event the protest fails, the monies will be transferred to the taxing districts. The Allen Parish Tax Collector

Notes to the Financial Statements

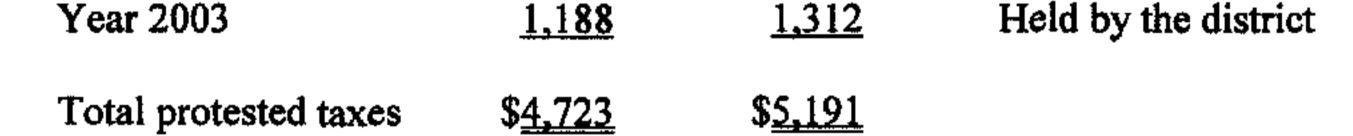
December 31, 2003

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

believes the matter will be settled for one-half of the amounts protested. Unlike the year 2000 payments held in escrow, the year 2001, 2002 and 2003 payments were made to the taxing districts in early 2002, 2003 and 2004. However, this be refundable to the pipeline owners.

In 2002, approximately 84% of the pipeline owners dismissed/withdrew their protest/appeals and the applicable taxes were collected from the tax collector by the district. The laws requiring the tax collector to hold in escrow the protested amounts also changed and the tax collector began remitting all taxes paid under protest to the district in 2001, 2002 and 2003. At December 31, 2003, the amount of protested taxes amounted to:

	Maintenance	Bond Sinking	
Year 2000	1,091	1,206	Held by the tax collector
Year 2001	1,179	1,303	Held by the district
Year 2002	1,265	1,370	Held by the district



Due to the relative immateriality and uncertainty of the outcome, the district is not maintaining an allowance for any uncollectible taxes (held by the tax collector for the year 2000) or deferred revenues (held by the district for the years 2001, 2002 and 2003 and recorded in ad valorem tax revenues during those years) on these protested taxes.

### 6. Bad Debts

Uncollectible amounts due for receivables are recognized as bad debts by the direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable is made due to immateriality at December 31, 2003.

### 7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of applicable appropriation is not employed by the district as an extension of formal budgetary integration in the funds

### 8. Budget

A general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Notes to the Financial Statements

December 31, 2003

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures may not legally exceed budgeted appropriations at the activity level. The final budget for 2003 includes the original budget and one amendment made during the year.

9. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The District maintains a threshold level of \$150 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net assets and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

Estimated Useful Lives

Buildings	30 Years
Equipment	5-20
Vehicles	10-20

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

10. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets Consists of net assets with constraints placed on the use either by
  (1) external groups such as creditors, grantors, contributors, or laws or regulations of
  other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Notes to the Financial Statements

December 31, 2003

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Use of Estimates

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The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### 12. Long-Term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the governmentwide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

### NOTE B – AD VALOREM TAXES

For the year ended December 31, 2003, taxes of 15.24 mills were levied on property with taxable assessed valuations totaling \$19,731,870 and were dedicated as follows:

Maintenance Bond sinking 7.24 mills 8.00 mills

Total taxes levied were \$300,714

Property tax millage rates are adopted in December for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien. The ad valorem tax that funds the district was passed in October 2003 and will be up for renewal in the year 2013.

Notes to the Financial Statements

December 31, 2003

#### NOTE C – CAPITAL ASSETS

- -.

A summary of changes in capital assets follows:

	12/31/02 Balance	Additions	Deletions	12/31/03 Balance
Capital assets not being depreciated:	Dalance	Augitions	Defetions	Dalance
Land	\$ 16,100	_	-	\$ 16,100
Other capital assets:	φ 10,100		-	φ 10,100
Buildings	424,588	_	_	424,588
Equipment	323,610	-	-	323,610
Vehicles	<u>_911,719</u>	6,902	-	<u>918,621</u>
Total	1.676.017	6.902		1,682,919
	1,070,017			<u> </u>
Less: accumulated depreciation:				
Buildings	128,703			142,855
Equipment	142,165			165,453
Vehicles	<u></u>			<u>_430,904</u>
Total	658,503			<u>_739,212</u>
Net capital assets	\$ <u>1.017.514</u>			\$ <u>943.707</u>
Depreciation expense in the amount of \$	80,709 was charged	to fire fighting	and rescue in 20	003.
NOTE D – GENERAL LONG-TERM D	DEBT			
1. Debt Outstanding				
Bonds payable at December 31, 2003 is	comprised of the fol	llowing issue:		
\$ 775,000 general obligation bonds annual installments of \$65,000 to \$ 2013; interest at 4.375% (this issue	\$95,000 through Fel	bruay 13,		
collection of ad valorem taxes)	o socured og lovy un			_ <u>770,000</u>
				\$ <u>770.000</u>
The following is a summary of the long-	term debt transactio	ons during the ye	ar:	
Long-term debt payable at December 31	, 2002			\$ 835,000
Additions				65 000

65,000 \$<u>770.000</u>

Deduction Long-term debt payable at December 31, 2003

2. Debt Service Requirements to Maturity

The annual requirements to amortize all debts outstanding as of December 31, 2003, including interest payments of \$181,344 follows:

Notes to the Financial Statements

December 31, 2003

Year Ending December 31,	Total
2004	\$ 97,266
2005	94,422
2006	91,578
2007	93,625
2008	95,453
Thereafter	<u>479.000</u>
	\$ <u>951,344</u>

#### NOTE E – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

### NOTE F – INVESTMENTS

GASB Statement 31 generally mandates that investments be reported in the financial statements at their fair value. For this purpose, the "the fair value" or investment is defined as follows:

Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. If a quoted market price is available for an investment, the fair value to be used in applying this Statement is the total of the number of trading units of the instrument times the market price per unit.

The Districts investments as of December 31, 2003 consist of Certificates of Deposit whose face value approximates fair value.

Reported investment earnings for the year ended December 31, 2003 are as follows.

Interest	\$ 5,941
Unrealized Gain/Loss	0
	\$ 5.941

### NOTE G – COMMITMENTS AND CONTINGENCIES

On July 15, 2000 an election was held to authorize the district to issue bonds in the amount of \$865,000.

These bonds would be issued for 20 years with a stated interest rate not exceeding 8% for acquiring, constructing and improving fire protection facilities and equipment, including fire trucks, for the district to be payable from ad valorem taxes. The election carried the majority of votes in favor of the bond issuance. As of December 31, 2003 no bonds have been issued and no proceeds have been received.

The Allen Parish Police Jury is receiving a Community Development Block Grant in the amount of \$585,000 for the purchase of two fire stations and two fire trucks. Ownership of the fire trucks and the substations are expected to be transferred to the district in the future. The district purchased one tract of land and leased another tract of land on which the substations were built. The invoices were paid directly

Notes to the Financial Statements

December 31, 2003

to the builders of the fire stations and the sellers of the fire trucks as the grantor agency approved them. The grant is expected to fully fund the fire stations and the fire trucks. The fire trucks were delivered in November of 2002 and are being used by the district. The substations were completed in 2003. Since the Allen Parish Police Jury owns the fire trucks and the substation building at December 31, 2003, no receivable or revenue has been accrued.

### NOTE H – CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2003, the District has implemented GASB Statement No. 34, <u>Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments</u>. GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The District also implemented GASB Statement No. 38, <u>Certain Financial Statement Note Disclosures</u>, and Interpretation No. 6, <u>Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements</u>.

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2002 to be restated in terms of "net assets" as follows:

Total fund balances – Governmental Funds at December 31, 2002		\$ 477,208
Add: Cost of capital assets at December 31, 2002 Less: Accumulated depreciation at December 31, 2002	\$ 1,676,017 <u>(658,503</u> )	1,017,514
Less: Long-term debt obligations at December 31, 2002 Accrued interest payable at December 31, 2002	(835,000) (15,617)	<u>(850,617</u> )
Net assets at December 31, 2002		\$ <u>_644.105</u>

### **REQUIRED SUPPLEMENTARY INFORMATION**

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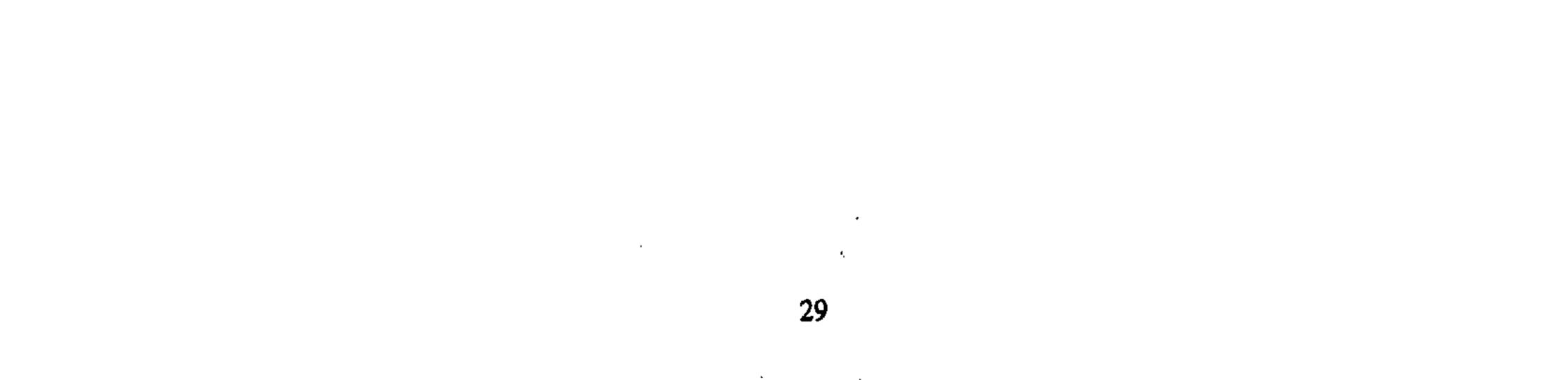
### **BUDGETARY COMPARISON – GENERAL FUND**

Year Ended December 31, 2003

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	Bud	get		Variance Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				<u>1,</u>
Ad Valorem tax	\$ 100,000	\$ 100,000	\$ 134,730	\$ 34,730
Grant	125,000	-	-	-
Interest	4,000	4,000	4,543	543
Intergovernmental	800	800	28,117	27,317
Miscellaneous	<u>    4.000  </u>	4,000		(4,000)
TOTAL REVENUES	233,800	108,800	<u>167,390</u>	58,590
EXPENDITURES				
Current				
Advertising	-	-	1,286	(1,286)
Dues	300	600	513	87
Fuel	4,000	5,000	4,050	950
Insurance	22,800	26,000	25,287	713
Materials & supplies	8,100	3,000	1,070	1,930
Payroll taxes	400	700	464	236
Postage	200	700	-	700
Professional fees	2,400	5,000	5,055	(55)
Repairs and maintenance	12,900	14,000	7,831	6,169
Salaries	4,500	4,500	4,500	-
Secretary fees	900	900	<b>90</b> 0	-
Training	1,600	1,600	1,237	363
Utilities	7,000	12,000	5,666	6,334
Capital outlay	<u>175,000</u>	<u>175.000</u>	<u> </u>	<u>168,098</u>
TOTAL EXPENDITURES	<u>240,100</u>	<u>249,000</u>	<u>64,761</u>	<u>184,239</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	(6,300)	(140,200)	102,629	242,829
FUND BALANCE – BEGINNING	<u>299,466</u>	<u>299,466</u>	<u>299,466</u>	<del></del>
FUND BALANCE – ENDING	\$ <u>293,166</u>	\$ <u>159.266</u>	\$ <u>402.095</u>	\$ <u>242,829</u>

-



# ROYCE T. SCIMEMI, CPA, APAC



### **CERTIFIED PUBLIC ACCOUNTANT**

P.O. Box 210 Oberlin, LA 70655 Tele (337) 639-4334, Fax (337) 639-4068

Member American Institute of Certified Public Accountants

Member Society of Louisiana Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 26, 2004

Board of Commissioners Fire Protection District No. 4 of Allen Parish Kinder, Louisiana

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Fire Protection District No. 4 of Allen Parish, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Fire Protection District No. 4 of Allen Parish's compliance with certain laws and regulations during the year ended December 31, 2001 included in the accompanying Louisiana Attestation Questionnaire. 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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

I reviewed all disbursements made during the year. There were no disbursements in excess of \$15,000 for materials and supplies made during the year ended December 30, 2003. There were no disbursements in excess of \$100,000 for public works were made in 2003.

Board of Commissioners Fire Protection District No. 4 of Allen Parish Page 2

### Code of Ethics for Public Officials and Public Employees

2. Obtain 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.

Management provided me with the required list including the noted information.

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

Management provided me with the required list.

4. Determine 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.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

#### **Budgeting**

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

Management provided me with a copy of the original budget. There was one amendment to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on November 25, 2002, which indicated that the budget had been adopted by the commissioners unanimously. One amendment was made during 2003. I traced the adoption of the amended budget to the minutes of a meeting held on December 11, 2003.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amount by more than 5%.

Budgeted revenues did not exceed actual revenues by more than 5%. Actual expenditures did not exceed budgeted expenditures by more than 5%.

### Accounting and Reporting

- 8. Randomly select 6 disbursements made during the period under examination and:
  - a. trace payments to supporting documentation as to proper amount and payee:

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

b. determine if payments were properly coded to the correct fund and general ledger account; and

31

The payments were properly coded to the correct fund and general ledger account.

Board of Commissioners Fire Protection District No. 4 of Allen Parish Page 3

determine whether payments received approval form proper authorities. **C**.

The payments received proper approvals.

### Meetings

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

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. I found no evidence of noncompliance.

### Debt

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

I inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

### Advances and Bonuses

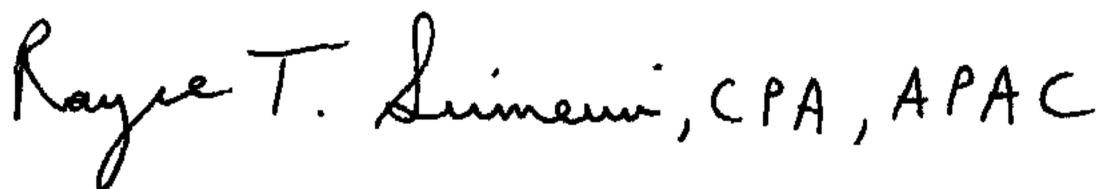
11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District indicated no payments for any bonuses, advances or gifts.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the Fire Protection District No. 4 of Allen Parish and the Legislative Auditor, State of Louisiana, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Royce T. Scimemi, CPA, APAC



LOUISIANA ATTESTATION QUESTIONNAL (For Attestation Engagements of Governmen <u><math>S/27/04</math></u> (Date Transmitted)	
Royce T. Scimemi, CPA, APAC	-
P. O. Box 210	
Oberlin, LA 70655	
	(Auditors)

In connection with your compilation of our financial statements as of 12/31/03 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of  $\frac{5/22/04}{2}$ 

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#### **Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office. Yes No 1

### **Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124. Yes No [ ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA\_RS 42:1119. Yes No 1

### Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34. Yes No [ ]

### **Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36. Yes [ No [ ]

### We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable. Yes [No[]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513. Yes [**V**] No [ ]

#### Meetings

- \_ --

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12. Yes [V No [ ]

#### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [/] No []

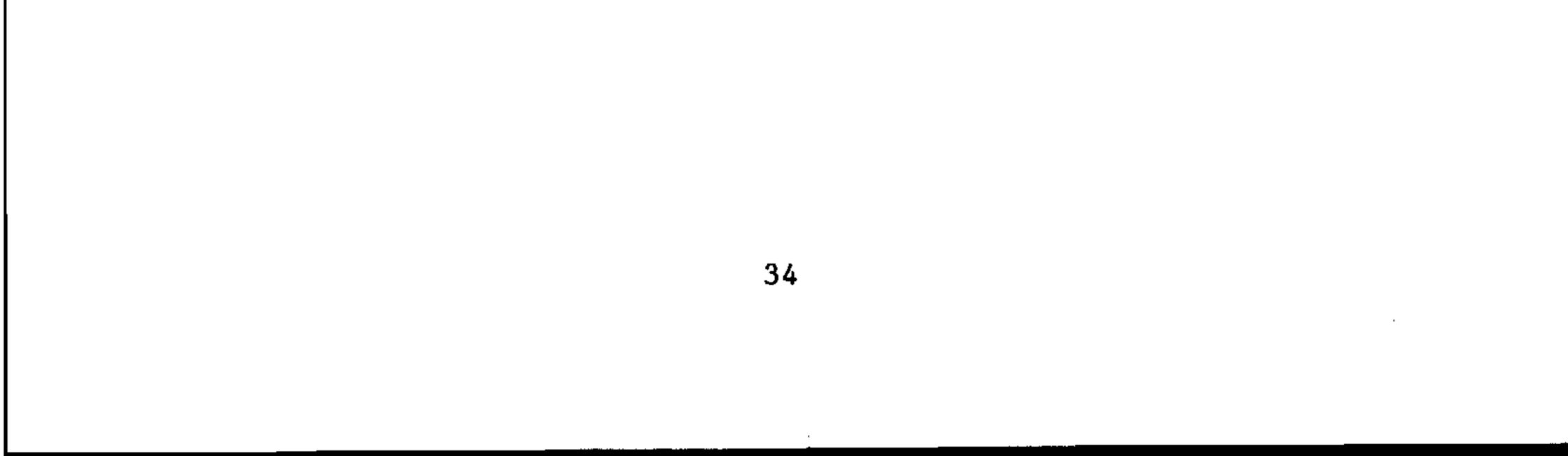
#### **Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729. Yes No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Q.O. Quanstine	Secretary	5-27-04	_Date
Q.O. augustine	_Treasurer	5-27-04	Date
Buce Manuel		5.27-04	Date



### SUMMARY OF FINDINGS AND QUESTIONED COSTS

December 31, 2003

Summary of Accountant's Results: 1.

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- Accountant issued a compilation on the financial statements. a)
- No reportable conditions in internal control over financial reporting and its operation **b**) was disclosed.
- No noncompliance which is material to the financial statements was disclosed. **c**)
- 2. Findings Related to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Current Year:

There were no current year findings.

Prior Year

During the fiscal year ended December 31, 2002, I noted that Mr. Mark Liebson, the editor of district's official journal, was also a member of the board of commissioners. Since the editor of the official journal appears to be a management position, the Code of Ethics for Public Officials and Public Employees would preclude the district from contracting with said official journal. During the fiscal year, the board requested a ruling from the Louisiana Board of Ethics on this issue. The Louisiana Board of Ethics ruled that there was technically a conflict of interest.

Findings and Ouestioned Costs for Federal Awards: 3.

N/A

The prior year findings were corrected satisfactorily.

