

ALLEN PARISH WARD 3 FIRE PROTECTION
DISTRICT NO. 2

A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
GENERAL PURPOSE FINANCIAL STATEMENTS

As of and For the Year Ended July 31, 2004
With Supplemental Information Schedules

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 2-2-05

CONTENTS

	<u>Page</u>
ACCOUNTANT'S REPORT	2
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Balance Sheet - All Fund Types and Account Groups	4
Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6
Notes to the Financial Statements	7
SUPPLEMENTAL INFORMATION SCHEDULES:	
Schedule of Compensation Paid Board Members	15
Management's Corrective Action Plan for Current Year Findings	16
Management's Summary Schedule of Prior Findings	17
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES	18
LOUISIANA ATTESTATION QUESTIONNAIRE	21

Stutzman & Gates, LLC
Certified Public Accountants

Member:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

Board of Commissioners
Allen Parish Ward 3 Fire Protection
District No. 2
A Component Unit of the Allen Parish Police Jury
Reeves, Louisiana

We have compiled the accompanying general purpose financial statements of the Allen Parish Ward 3 Fire Protection District No. 2, a component unit of the Allen Parish Police Jury, as of and for the year ended July 31, 2004, as listed in the table of contents, and the accompanying supplementary information, as listed in the table of contents, which are presented only for supplementary analysis purposes, 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 and supplementary schedules information that is the representation of management of the Allen Parish Ward 3 Fire Protection District No. 2. We have not audited or reviewed the accompanying general purpose financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them. However, we did become aware of a departure from generally accepted accounting principles that is described in the following paragraph.

As explained in Note 1 to the financial statements, Allen Parish Ward 3 Fire Protection District No. 2 has not implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, as of July 31, 2004. Generally accepted accounting principles require that governmental entities adopt GASB No. 34. The effects of this departure from generally accepted accounting principles have not been determined.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated December 12, 2004, on the results of our agreed-upon procedures.

Stutzman & Gates, LLC

Stutzman & Gates, LLC
December 12, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**

Reeves, Louisiana

ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, July 31, 2004

	<u>GOVERNMENTAL FUNDS</u>		<u>ACCOUNT GROUPS</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM OBLIGATIONS</u>	
ASSETS AND OTHER DEBITS					
Assets:					
Cash	\$ 178,713	\$ 56,366	\$ -	\$ -	\$ 235,079
Due from other fund	-	2,344	-	-	2,344
Other assets	685	-	-	-	685
Land, building, & equipment	-	-	630,911	-	630,911
Other Debits:					
Amount available in Debt Service Fund	-	-	-	56,366	56,366
Amount to be provided for retirement of general long-term obligations ..	-	-	-	22,634	22,634
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 179,398</u>	<u>\$ 58,710</u>	<u>\$ 630,911</u>	<u>\$ 79,000</u>	<u>\$ 948,019</u>
LIABILITIES, EQUITY, AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$ 628	\$ -	\$ -	\$ -	\$ 628
Due to other fund	2,344	-	-	-	2,344
Bonds payable	-	-	-	79,000	79,000
Total Liabilities	<u>2,972</u>	<u>-</u>	<u>-</u>	<u>79,000</u>	<u>81,972</u>
Equity & Other Credits:					
Investment in general fixed assets ..	-	-	630,911	-	630,911
Fund balances:					
Reserved for debt service	-	58,710	-	-	58,710
Unreserved - undesignated	<u>176,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,426</u>
Total Equity and Other Credits	<u>176,426</u>	<u>58,710</u>	<u>630,911</u>	<u>-</u>	<u>866,047</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>\$ 179,398</u>	<u>\$ 58,710</u>	<u>\$ 630,911</u>	<u>\$ 79,000</u>	<u>\$ 948,019</u>

See accompanying notes and accountant's report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended July 31, 2004

	<u>GENERAL</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
REVENUES			
Ad valorem taxes	\$ 47,614	\$ 26,089	\$ 73,703
Interest	1,286	610	1,896
Intergovernmental revenues:			
FEMA grant	8,181	-	8,181
Parish police jury grants	1,217	-	1,217
Other	4,478	-	4,478
Total Revenues	<u>62,776</u>	<u>26,699</u>	<u>89,475</u>
EXPENDITURES			
Advertising	405	-	405
Bookkeeping	1,800	-	1,800
Grant refund	316	-	316
Insurance	11,184	-	11,184
Insurance - workmen's comp.	1,207	-	1,207
Legal & professional	2,000	-	2,000
Office supplies	363	-	363
Per diem	1,450	-	1,450
Promotion	827	-	827
Radio	2,175	-	2,175
Repairs & maintenance	10,081	-	10,081
Sewer fee	144	-	144
Training	1,076	-	1,076
Utilities	3,778	-	3,778
Debt service:			
Principal retirement	-	26,000	26,000
Interest	-	4,830	4,830
Paying agent fees	-	1,000	1,000
Total Expenditures	<u>36,806</u>	<u>31,830</u>	<u>68,636</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>25,970</u>	<u>(5,131)</u>	<u>20,839</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>150,456</u>	<u>63,841</u>	<u>214,297</u>
FUND BALANCES AT END OF YEAR	<u>\$ 176,426</u>	<u>\$ 58,710</u>	<u>\$ 235,136</u>

See accompanying notes and accountant's report.

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana**

**GOVERNMENTAL FUND - GENERAL FUND
Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended July 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Ad valorem taxes	\$ 33,000	\$ 47,614	\$ 14,614
Interest	-	1,286	1,286
Intergovernmental revenues:			
FEMA grant	-	8,181	8,181
Parish police jury grants	-	1,217	1,217
Other	-	<u>4,478</u>	<u>4,478</u>
Total Revenues	<u>33,000</u>	<u>62,776</u>	<u>29,776</u>
EXPENDITURES			
Advertising	450	405	45
Bookkeeping	1,900	1,800	100
Grant refund	-	316	(316)
Insurance	11,000	11,184	(184)
Insurance - workmen's comp.	1,200	1,207	(7)
Kitchen	200	-	200
Legal & professional	1,850	2,000	(150)
Office supplies	600	363	237
Per diem	1,800	1,450	350
Promotion	500	827	(327)
Radio	1,200	2,175	(975)
Repairs & maintenance	10,284	10,081	203
Sewer fee	144	144	-
Training	1,600	1,076	524
Utilities	3,500	3,778	(278)
Capital outlay	<u>1,250</u>	<u>-</u>	<u>1,250</u>
Total Expenditures	<u>37,478</u>	<u>36,806</u>	<u>672</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(4,478)</u>	<u>25,970</u>	<u>30,448</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>150,456</u>	<u>150,456</u>	<u>-</u>
FUND BALANCE AT END OF YEAR \$	<u>145,978</u>	<u>176,426</u>	<u>\$ 30,448</u>

See accompanying notes and accountant's report.

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended July 31, 2004

INTRODUCTION

Allen Parish Ward 3 Fire Protection District No. 2 was created under the provisions of Louisiana Revised Statutes 40:1492-1501, for the purpose of providing fire protection for the people of Ward 3 of Allen Parish. The District is governed by a board of commissioners composed of five members, compensated on a per diem basis and appointed by the Allen Parish Police Jury. The District utilizes volunteer firemen.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Allen Parish Ward 3 Fire Protection District No. 2 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. In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (Statement). The financial statements must include a Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations; financial statements prepared using full accrual accounting for all of the District's activities, including reporting infrastructure assets (roads, bridges, etc.); and, a change in the fund financial statements to focus on the *major* funds. The District has chosen not to apply GASB No. 34 in the preparation of its financial statements.

B. REPORTING ENTITY

The District is a component unit of the Allen Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The District uses 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 relating to certain government functions or activities.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

1. General Fund--the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.
2. Debt Service Fund--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes and interest revenue.

E. BUDGET

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year end. The budget was amended once during the year.

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**

Reeves, Louisiana

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. BUDGET

Prior to the beginning of each fiscal year, the President of the District submits a budget to the Board of Commissioners. The budget is prepared by fund, function and activity. The board holds public hearings 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 or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

I. COMPENSATED ABSENCES

The District has no paid employees therefore there is no leave policy.

J. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

K. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

L. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

M. TOTAL COLUMNS ON STATEMENTS

Total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - LEVIED TAXES

For the year ended July 31, 2004 taxes of 8.52 mills were levied on property with assessed valuations totaling \$8,986,520. and were dedicated as follows:

Maintenance	5.52 mills
Bond sinking	3.00 mills

Total taxes levied were \$76,565.

Property tax millage rates are adopted in July 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 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of December are subject to lien. The District considers all uncollected taxes at December 31 to be uncollectible and are charged as bad debts. The District does not use a valuation account for bad debts and considers its method to not result in an outcome that differs materially from results if the allowance method had been used.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
 Reeves, Louisiana
 Notes to the Financial Statements

NOTE 3 - CASH AND CASH EQUIVALENTS

At July 31, 2004, the District has cash and cash equivalents (book balances) totaling \$235,079 as follows:

Demand deposits	\$ 120,059
Interest-bearing demand deposits	56,366
Time deposits	58,654
Other	-
Total	<u>\$ 235,079</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At July 31, 2004, the District has \$236,908 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$36,908 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 08/01/2003	(Deductions) Additions	Balance 07/31/2004
Land	\$ 14,007	\$ -	\$ 14,007
Equipment	429,540	-	429,540
Building	187,364	-	187,364
Total	<u>\$ 630,911</u>	<u>\$ -</u>	<u>\$ 630,911</u>

NOTE 5 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY**

Reeves, Louisiana

Notes to the Financial Statements

NOTE 5 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

	<u>Bonded Debt</u>
Long-term obligations payable at 07/31/2003	\$ 105,000
Additions	-
Deductions	<u>26,000</u>
Long-term obligations payable at 07/31/2004	<u>\$ 79,000</u>

General obligation bonds are comprised of the following individual issue:

\$232,000 General Obligation Refunding bonds dated 8/1/97; due in annual installments of \$19,000 - \$29,000 through February 1, 2007; interest at 5.25% (this issue secured by levy and collection of ad valorem taxes)	<u>\$ 79,000</u>
--	------------------

The bonds are due as follows:

<u>Year Ending July 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2005	\$ 24,000	\$ 3,518	\$ 27,518
2006	26,000	2,205	28,205
2007	<u>29,000</u>	<u>761</u>	<u>29,761</u>
Total	<u>\$ 79,000</u>	<u>\$ 6,484</u>	<u>\$ 85,484</u>

NOTE 6 - 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 7 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There are a number of limitations and restrictions contained in the bond indenture. The District is in compliance with all significant limitations and restrictions. No material violations of finance related, legal and contractual provisions occurred for the year ended July 31, 2004.

SUPPLEMENTAL INFORMATION SCHEDULES

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
Supplemental Information Schedule
Schedule of Compensation Paid Board Members
For the Year Ended July 31, 2004**

COMPENSATION PAID BOARD MEMBERS

A schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 40:1498, each commissioner may receive \$25 per diem for attending regular and special monthly meetings.

See accountant's report.

ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE

Schedule of Compensation Paid Board Members
For the Year Ended July 31, 2004

<u>NAME</u>	<u>NUMBER OF MEETINGS</u>	<u>AMOUNT</u>
Carl Ritter	6	\$ 150
Fred Ritter, Jr.	9	225
Brian Fontenot	9	225
Luther Miller	10	250
Georgia Fruge	13	325
Rusty Reeves, Fire Chief	3	75
Larry Elam, Fire Chief	5	125
Scott Walker, Fire Chief	3	<u>75</u>
Total		<u>\$ 1,450</u>

See accountant's report.

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE**

**Management's Corrective Action Plan for Current Year Findings
For the Year Ended July 31, 2004**

AGREED-UPON PROCEDURES: (FINDINGS)

None.

See accountant's report.

**ALLEN PARISH WARD 3 FIRE PROTECTION DISTRICT NO. 2
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Reeves, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE**

***Management's Summary Schedule of Prior Findings
For the Year Ended July 31, 2004***

AGREED-UPON PROCEDURES: (FINDINGS)

2003-1 Budgeting Attestation #7

The District should compare actual expenditures to budgeted expenditures on a monthly basis and amend its budget when actual exceeds budget by 5% or more.

Corrective action taken - Yes.

See accountant's report.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Allen Parish Ward 3 Fire Protection
District No. 2
A Component Unit of the Allen Parish Police Jury
Reeves, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Allen Parish Ward 3 Fire Protection District No. 2 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Allen Parish Ward 3 Fire Protection District No. 2's compliance with certain laws and regulations during the year ended July 31, 2004 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 and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we 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 \$20,000, 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).

There were no expenditures made during the year for materials and supplies exceeding \$20,000. There were no expenditures made for public works exceeding \$100,000.

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 us with the required list including the noted information.

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

The District has no paid employees. All firemen are unpaid volunteers.

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.

See #3 above.

Budgeting

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

Management provided us 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.

We traced the adoption of the original budget to the minutes of a meeting held on June 26, 2003 which indicated that the budget had been adopted by the Commissioners of Allen Parish Ward 3 Fire Protection District No. 2 by a unanimous vote. One amendment was made to the budget on February 26, 2004. We traced this amendment to the minutes of the meeting held on February 26, 2004 and was adopted by a vote of 5 in favor and none opposed.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted revenues by 5% or more and expenditures for the year did not exceed budgeted amounts by 5% or more.

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;

We 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

We found that all payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements were traced to the District's minute book where they were approved by the full commission.

Meetings

9. Examine 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).

Allen Parish Ward 3 Fire Protection District No. 2 is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that it does post both the notice of the meeting and the agenda. We viewed copies of these notices in the District's files.

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.

We inspected copies of all 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.

The District has no paid employees. A reading of the minutes of the District for the year indicated no approval for the payments noted.

Our prior year report, dated October 10, 2003, included one finding that has been resolved.

We were 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, 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 use of management of Allen Parish Ward 3 Fire Protection District No. 2 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.


Stutzman & Gates, LLC
December 12, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

10/28/04 (Date Transmitted)

Stutzman & Gates, LLC
P.O. Box 1238
Sulphur, LA 70664-1238

(Auditors)

In connection with your compilation of our financial statements as of [date] 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 (date of completion/representations).

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

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

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

