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**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
TENSAS PARISH POLICE JURY**

**Financial Statements and
Independent Auditor's Reports
For the Year Ended
December 31, 2006**

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 9-5-07

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FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
TENSAS PARISH POLICE JURY

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FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
TENSAS PARISH POLICE JURY

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INDEPENDENT AUDITORS' REPORT

Members of the Board Commissioners
Fire Protection District No. 1 of Tensas Parish, Louisiana
St. Joseph, Louisiana

We have audited the accompanying financial statements of the governmental activities and major funds of the Fire Protection District No. 1 of Tensas Parish, Louisiana, a component unit of the Tensas Parish Police Jury, as of and for the year ended December 31, 2006, as listed in the table of contents. These basic financial statements are the responsibility of Fire Protection District No. 1 of Tensas Parish, Louisiana's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Fire Protection District No. 1 of Tensas Parish, Louisiana, as of December 31, 2006 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2007 on our consideration of the Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Members of the Board Commissioners
Fire Protection District No. 1 of Tensas Parish
Page Two

The Management's Discussion and Analysis on page 3 through 6 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Fire Protection District No. 1 of Tensas Parish, Louisiana. Such information has been subjected to the auditing procedures applied in the examination of the basic statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ferriday, Louisiana
August 17, 2007

Switzer, Hopkins & Manger

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Our discussion and analysis of Fire Protection District No. 1 of Tensas Parish, Louisiana (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2006.

FINANCIAL HIGHLIGHTS

- General revenues were \$377,033 in 2006 compared to \$460,258 in 2005.
- General expenditures were \$320,015 in 2006 compared to \$490,359 in 2005.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two 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 is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and sales taxes. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 – 9 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 11 – 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 24 of this report.

FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of the net assets at December 31, 2006 and 2005

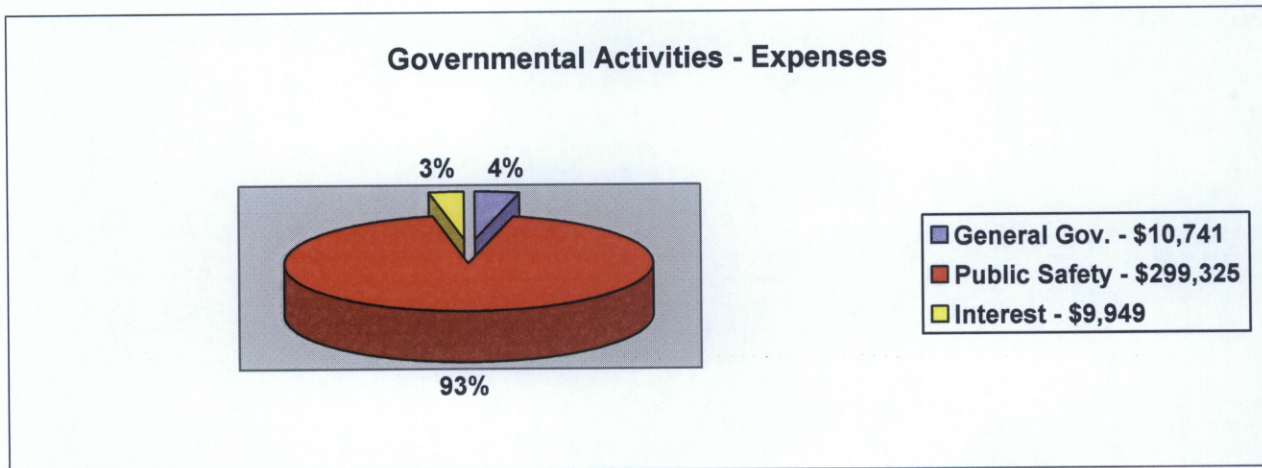
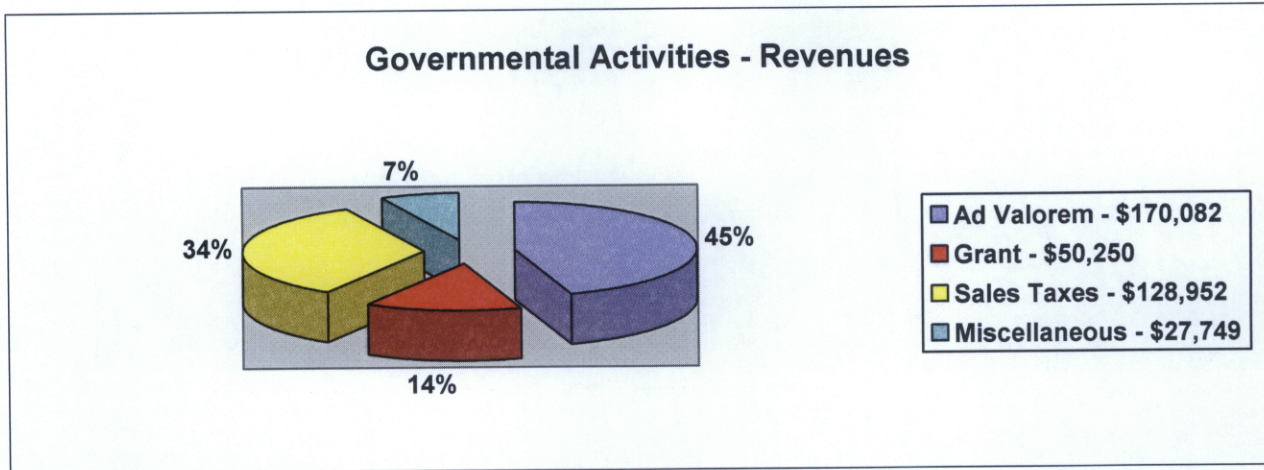
	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 248,172	\$ 246,458
Capital assets	<u>823,127</u>	<u>856,672</u>
Total assets	<u>1,071,299</u>	<u>1,103,130</u>
Current liabilities	104,772	100,621
Long-term liabilities	<u>154,000</u>	<u>247,000</u>
Total liabilities	<u>258,772</u>	<u>347,621</u>
Net Assets		
Investment in capital assets (net of related debt)	576,127	521,672
Unrestricted	<u>236,400</u>	<u>233,837</u>
Total net assets	<u>\$ 812,527</u>	<u>\$ 755,509</u>

The following is a summary of the statement of activities for 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Revenues:		
Taxes	\$ 299,034	\$ 296,550
Grants	50,250	144,923
Other	<u>27,749</u>	<u>18,785</u>
	<u>377,033</u>	<u>460,258</u>
Expenses:		
General and administrative	10,741	15,655
Public safety - Fire	299,325	285,299
Debt service - interest	<u>9,949</u>	<u>13,466</u>
Total expenses	<u>320,015</u>	<u>314,420</u>
Increase in net assets	57,018	145,838
Net assets beginning of year	<u>755,509</u>	<u>609,671</u>
Net assets end of year	<u>\$ 812,527</u>	<u>\$ 755,509</u>

FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2006

The following are a graphical representation of information presented in the Statement of Activities for Governmental Activities in 2006:



GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was not amended during the last year.

The actual general fund expenditures were \$12,447 over the budget amounts.

Revenues available for expenditure were \$41,931 above the budgeted amounts.

FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006

CAPITAL ASSETS

At the end of the year, the District has \$823,127 invested in capital assets, including land, buildings, furniture, fire fighting equipment and vehicles. This year there were additions of \$68,605 in capital assets. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

The additions in 2006 included the following:

Ford F-550 truck	\$ 65,800
Ice machine	<u>2,805</u>
	<u>\$ 68,605</u>

DEBT

At year-end, the District had \$247,000 in certificates of indebtedness outstanding. This is a decrease from last year of \$88,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2006. In 2007 the District expects to borrow \$160,000. The loan proceeds will be used in 2007 to purchase four used trucks and equipment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ricky Jones, Fire Chief, 205 Hancock Street, St. Joseph, Louisiana 71366, (318) 766-3004.

BASIC FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Statement of Net Assets
December 31, 2006

Statement A

ASSETS

Cash and cash equivalents	\$ 25,172
Receivables, net	203,806
Deposits	1,500
Restricted assets	17,694
Capital assets, net	<u>823,127</u>
Total assets	<u>1,071,299</u>

LIABILITIES

Current Liabilities:	
Accounts, salaries and other payables	5,114
Accrued liabilities	6,658
Current portion - loans payable	93,000
Long term portion-loans payable	<u>154,000</u>
Total liabilities	<u>258,772</u>

NET ASSETS

Invested in capital assets, net of related debt	582,127
Unrestricted	<u>230,400</u>
Total net assets	<u>\$ 812,527</u>

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Statement of Activities
Year Ended December 31, 2006

Statement B

GENERAL REVENUES

Taxes	
Ad valorem taxes	\$ 170,082
Sales tax	128,952
Intergovernmental	
Federal grant	50,250
Investment earnings	2,036
Other revenues	<u>25,713</u>
Total general revenues	<u>377,033</u>

GENERAL EXPENSES

Governmental activities	
General government	10,741
Public safety - fire	299,325
Interest expense	<u>9,949</u>
Total general expenses	<u>320,015</u>

Change in net assets	57,018
Net assets-beginning of year	<u>755,509</u>
Net assets-end of year	<u>\$ 812,527</u>

FUND FINANCIAL STATEMENTS (FSS)

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Balance Sheet – Governmental Funds
December 31, 2006

Statement C

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 25,172	\$ -	\$ 25,172
Receivables, (net of allowance for uncollectibles)	203,806	-	203,806
Deposits	1,500	-	1,500
Restricted assets	-	17,694	17,694
Total assets	230,478	17,694	248,172
 <u>LIABILITIES AND FUND BALANCES</u>			
Account, salaries and other payables	5,114	-	5,114
Accrued liabilities	1,911	4,747	6,658
Total current liabilities	7,025	4,747	11,772
 Fund balance			
Reserved for debt service	-	12,947	12,947
Unreserved	223,453	-	223,453
Total fund balance	223,453	12,947	236,400
Total liabilities and fund balance	\$ 230,478	\$ 17,694	\$ 248,172

The accompanying notes are an integral part of these financial statements

**FIRE PROTECTION DISTRICT NO. 1 OF
 TENSAS PARISH, LOUISIANA**
**Reconciliation of the Governmental Funds Balance Sheet
 To the Statement of Net Assets
 December 31, 2006**

Statement D

Total fund balances for governmental funds (Statement C)		\$ 236,400
<p>Total net assets reported for governmental activities in the statement of net assets is different because:</p> <p>Capital assets used governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:</p>		
Cost of capital assets	\$ 1,205,215	
Less accumulated depreciation:	<u>(382,088)</u>	823,127
Long-term liabilities		<u>(241,000)</u>
Total net assets of governmental activities (Statement A)		<u>\$ 818,527</u>

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Statement of Revenues, Expenditures and Changes
In Fund Balance
Years Ended December 31, 2006

Statement E

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Taxes			
Ad valorem taxes	\$ 170,082	\$ -	\$ 170,082
Sales tax	128,952	-	128,952
Intergovernmental revenues		-	-
Federal grant	50,250	-	50,250
Investment earnings	1,490	546	2,036
Other revenues	<u>25,713</u>	<u>-</u>	<u>25,713</u>
Total revenues	<u>376,487</u>	<u>546</u>	<u>377,033</u>
<u>EXPENDITURES:</u>			
General government			
Legal and accounting	<u>10,741</u>	<u>-</u>	<u>10,741</u>
Public safety - fire			
Salaries	32,000	-	32,000
Insurance	34,430	-	34,430
Repairs	36,174	-	36,174
Utilities and telephone	25,413	-	25,413
Supplies	18,474	-	18,474
Rent	11,232	-	11,232
Retirement	5,360	-	5,360
Office supplies	2,048	-	2,048
Fuel	11,240	-	11,240
Travel	2,988	-	2,988
Miscellaneous	<u>17,816</u>	<u>-</u>	<u>17,816</u>
Total public safety - fire	<u>197,175</u>	<u>-</u>	<u>197,175</u>
Debt service			
Principal retirement	-	88,000	88,000
Interest expense	<u>-</u>	<u>9,949</u>	<u>9,949</u>
Total debt service	<u>-</u>	<u>97,949</u>	<u>97,949</u>
Capital outlay	<u>68,605</u>	<u>-</u>	<u>68,605</u>
Total expenditures	<u>276,521</u>	<u>97,949</u>	<u>374,470</u>

The accompanying notes are an integral part of these financial statements

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Statement of Revenues, Expenditures and Changes
In Fund Balance
Years Ended December 31, 2006

Statement E

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures	\$ 99,966	\$ (97,403)	\$ 2,563
<u>OTHER FINANCING SOURCES</u>			
Transfer in (out)	<u>(103,868)</u>	<u>103,868</u>	<u>-</u>
Excess (deficiency) of expenditures over revenues	<u>(3,902)</u>	<u>6,465</u>	<u>2,563</u>
Fund balance, beginning	<u>227,355</u>	<u>6,482</u>	<u>233,837</u>
Fund balance end of year	<u>\$ 223,453</u>	<u>\$ 12,947</u>	<u>\$ 236,400</u>

The accompanying notes are an integral part of these financial statements

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance
Years Ended December 31, 2006

Statement F

Net changes in fund balance - governmental fund (Statement E) \$ 2,563

Amounts reported for governmental activity in the statement of activity is different because:

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

68,605
(102,150)

Governmental funds report debt service payments as expenditures.

However, in the statement of activities, repayments of principal of indebtedness reduces long-term liabilities in the statement of net assets. This is the amount of principal payments made:

88,000

Change in net assets per statement of activities (Statement B) \$ 57,018

NOTES TO THE FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

INTRODUCTION

1. The Tensas Parish Police Jury created the Fire Protection District No. 1 of Tensas Parish, Louisiana May 25, 1999 by resolution. The District operates in compliance with Part I Chapter 7, Title 40 of the Louisiana Revised Statutes of 1950.
2. The purpose of the District is to provide fire protection for Tensas Parish.
3. The District's boundaries are all of Tensas Parish, Louisiana. Tensas Parish is located in Northeast Louisiana and has a population of 6,300.
4. A Board of Commissioners of five members appointed by the Tensas Parish Police Jury governs the District. The board members are presently serving without compensation.
5. The District had one paid employee during 2006.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Fire Protection District No. 1 of Tensas Parish, Louisiana (hereafter referred to as the District).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include taxes, interest and other items that are restricted to meeting the operational or capital requirements of a particular function or segment.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, sales taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental funds:

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.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

All trade and property tax receivables are shown net of allowance for uncollectives.

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
Fire Protection	4.51	4.51	2009

The following are the principal taxpayers and related property tax revenue for the District:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
American River Transport Co.	Barge line	\$ 3,172,690	6.6%	\$ 11,225
Ingram Barge Company	Barge line	2,887,190	6.0%	10,205
American Commercial Barge Line	Barge line	<u>2,504,680</u>	<u>5.2%</u>	<u>8,844</u>
		<u>\$ 8,564,560</u>	<u>17.8%</u>	<u>\$ 30,274</u>

Sales taxes of ¼% for fire protection expires 2009.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain cash accounts are restricted by debt covenants and may be used only for payment of bonds and interest.

G. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 for capitalizing capital assets.

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	15 years

H. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation: After one year, employee receives five days vacation
 After two years, employee receives ten days vacation.

Sick leave: Employee accumulated one day per month.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

K. Budget Practices

A proposed operating budget for the General Fund and Debt Service fund prepared on the cash basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budgets are legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

2. CASH AND CASH EQUIVALENTS

At December 31, 2006 the District has cash and cash equivalents (book balances) totaling \$42,866. The cash was held in interest-bearing demand deposit.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2006, the District has \$44,092 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$192,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. RECEIVABLES

The receivables of \$203,806 at December 31, 2006 are as follows:

Ad valorem	\$ 158,610
Sales taxes	45,196
Less allowance for doubtful accounts	<u>-</u>
Total receivables	<u>\$ 203,806</u>

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

4. CAPITAL ASSETS

Capital assets and depreciation activities as of and for the year ended December 31, 2006 for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 3,509	\$ -	\$ -	\$ 3,509
Capital assets being depreciated				
Buildings	443,039	-	-	443,039
Equipment	690,062	68,605	-	758,667
Total capital assets being depreciated	<u>1,133,101</u>	<u>68,605</u>	<u>-</u>	<u>1,201,706</u>
Less accumulated depreciation for:				
Buildings	(50,842)	(15,270)	-	(66,112)
Equipment	(229,096)	(86,880)	-	(315,976)
Total accumulated depreciation	<u>(279,938)</u>	<u>(102,150)</u>	<u>-</u>	<u>(382,088)</u>
Total capital assets being depreciated, net	<u>853,163</u>	<u>(33,545)</u>	<u>-</u>	<u>819,618</u>
Total capital assets	<u>\$ 856,672</u>	<u>\$ (33,545)</u>	<u>\$ -</u>	<u>\$ 823,127</u>

Depreciation expense of \$102,150 for the year ended December 31, 2006, was charged to the public safety functions.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The payables and accrued liabilities of \$11,772 at December 31, 2006, are as follows:

Accounts	\$ 3,106
Payroll taxes and retirement	2,008
Accrued interest	4,747
Accrued salaries	1,911
	<u>\$ 11,772</u>

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

6. GENERAL LONG-TERM DEBT

At December 31, 2006, long-term debt was comprised of the following:

\$690,000 - 2000 Certificates of Indebtedness due in annual installments of \$70,000 to \$105,000 beginning March 1, 2002 through March 1, 2009, interest at 5.75%	<u>\$ 247,000</u>
---	-------------------

The following is a summary of the long-term debt transactions for the year ended December 31, 2006:

Long-term debt at beginning of year	\$ 335,000
Certificates retired during the year	<u>(88,000)</u>
Balance at end of year	<u>\$ 247,000</u>

The maturity schedule for the debt is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 93,000	\$ 8,020	\$ 101,020
2008	99,000	4,180	103,180
2009	<u>55,000</u>	<u>1,100</u>	<u>56,100</u>
Total	<u>\$ 247,000</u>	<u>\$ 13,300</u>	<u>\$ 260,300</u>

7. INTERGOVERNMENTAL AGREEMENT

The District entered into an intergovernmental agreement in 1999 with the Towns of Waterproof, St. Joseph and Newellton, Louisiana in which the District is to provide fire protection for each of the Towns and all the areas of Tensas Parish outside of the Towns. Included in the agreement is a provision for the District to pay the Town of Newellton \$9,995 per year to reimburse for certain note payments that the Town has an obligation to pay concerning fire fighting equipment. The future payments to be made under this agreement are as follows:

FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
Notes to Financial Statements
December 31, 2006

7. INTERGOVERNMENTAL AGREEMENT - continued

2007	\$ 9,955
2008	9,955
2009	9,955
2010	<u>1,659</u>
Total	<u>\$ 31,524</u>

8. PENSION PLANS

Plan Description: The District contributes to the Firefighters' Retirement System. The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. Louisiana Revised Statutes 11:2551 et seq. grants the board of trustees the authority to establish and amend benefit provisions of the plans.

The retirement system issues publicly available financial reports that includes financial statements and required supplementary information for the plans. The financial reports may be obtained from:

Firefighters' Retirement System
P. O. Box 94095, Capital Station
Baton Rouge, Louisiana 70804-9095

Funding Policy: Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District's rate is 15.5% of annual covered payroll as of December 31, 2006. The District's contribution to the plan for the years ending December 31, 2006 was \$5,360.

9. RISK MANAGEMENT

The District is exposed to certain risks of losses such as property damage, liability issues and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

10. COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the District consists of five members. For the year ended December 31, 2006, they received no compensation. The members were as follows:

Steve Hisaw, Chairman
Rick Foster, Member
Buddy Tindell, Member
Bertha Brown, Member
David Lee, Member

REQUIRED SUPPLEMENTAL INFORMATION

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Statement of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual (GAAP Basis) – General Fund
Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary	Variance Favorable Unfavorable
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	
<u>REVENUES:</u>				
Taxes				
Ad valorem taxes	\$ 158,800	\$ 158,800	\$ 173,660	\$ 14,860
Sales tax	100,000	100,000	113,708	13,708
Intergovernmental				
Federal grants	42,636	42,636	50,250	7,614
Investment income	2,500	2,500	2,036	(464)
Other revenues	19,500	19,500	25,713	6,213
Total revenues	<u>323,436</u>	<u>323,436</u>	<u>365,367</u>	<u>41,931</u>
<u>EXPENDITURES:</u>				
General government				
Legal and accounting	6,000	6,000	10,741	(4,741)
Public safety - fire				
Salaries	35,200	35,200	32,000	3,200
Insurance	33,500	33,500	34,430	(930)
Repairs	40,000	40,000	34,916	5,084
Utilities and telephone	21,000	21,000	25,362	(4,362)
Supplies	15,000	15,000	19,896	(4,896)
Rent	7,000	7,000	11,232	(4,232)
Retirement	5,500	5,500	5,426	74
Office supplies	-	-	2,048	(2,048)
Fuel	14,000	14,000	10,857	3,143
Travel	5,000	5,000	2,988	2,012
Miscellaneous	20,152	20,152	17,178	2,974
Capital outlay	49,880	49,880	57,605	(7,725)
Total expenditures	<u>252,232</u>	<u>252,232</u>	<u>264,679</u>	<u>(12,447)</u>
Excess of revenues over expenditures	71,204	71,204	100,688	29,484
Other financing uses - transfers	(103,868)	(103,868)	(103,868)	-
(Deficiency) of expenditures over revenues	(32,664)	(32,664)	(3,180)	29,484
Fund balance, beginning of year	227,355	227,355	227,355	-
Fund balance, end of year	<u>\$ 194,691</u>	<u>\$ 194,691</u>	<u>\$ 224,175</u>	<u>\$ 29,484</u>

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
Statement of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual (GAAP Basis) – Debt Service Fund
Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Favorable</u> <u>Unfavorable</u>
<u>REVENUES:</u>				
Investment earnings	\$ -	\$ -	\$ 546	\$ 546
<u>EXPENDITURES</u>				
Debt service:				
Principal retirement	88,000	88,000	88,000	-
Interest expense	<u>6,940</u>	<u>6,940</u>	<u>11,640</u>	<u>(4,700)</u>
Total expenditures	<u>94,940</u>	<u>94,940</u>	<u>99,640</u>	<u>(4,700)</u>
(Deficiency) of revenues over expenditures	(94,940)	(94,940)	(99,094)	(4,154)
<u>OTHER FINANCING USES</u>				
Transfers in	<u>103,868</u>	<u>103,868</u>	<u>103,868</u>	<u>-</u>
Excess of revenues over expenditures	8,928	8,928	4,774	(4,154)
Fund balance, beginning of year	<u>6,482</u>	<u>6,482</u>	<u>6,482</u>	<u>-</u>
Fund balance, end of year	<u>\$ 15,410</u>	<u>\$ 15,410</u>	<u>\$ 11,256</u>	<u>\$ (4,154)</u>

FIRE PROTECTION DISTRICT NO. 1 OF
TENSAS PARISH, LOUISIANA
(A component unit of the Tensas Parish Police Jury)
St. Joseph, Louisiana

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the actual data on the cash basis and variances between the final budget and the actual data.

2. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund and each major special revenue fund:

	General <u>Fund</u>	Debt Service <u>Fund</u>
Net change in fund balance - budget basis	\$ (3,180)	\$ 4,774
Increase		
Net adjustments for revenue accruals	11,666	-
Net adjustments for expenditure accruals	<u>(12,388)</u>	<u>1,691</u>
Net change in fund balance - GAAP basis	<u>\$ (3,902)</u>	<u>\$ 6,465</u>

REPORTS ON COMPLIANCE AND INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

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

Members of the Board of Commissioners
Fire Protection District No. 1 of Tensas Parish
St. Joseph, Louisiana

We have audited the financial statements of the Fire Protection District No. 1 of Tensas Parish as of and for the year ended December 31, 2006, and have issued our report thereon dated August 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fire Protection District No. 1 of Tensas Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Protection District No. 1 of Tensas Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fire Protection District No. 1 of Tensas Parish's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Fire Protection District No. 1 of Tensas Parish's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. The finding we describe in the accompanying current year findings is referenced number 2006-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 1 of Tensas Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of current year findings as 2006-2.

This report is intended for the information and use of management of the Fire Protection District No. 1 of Tensas Parish and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana
August 17, 2007

Switzer, Hopkins & Mangle

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA**

**Current Year Findings, Recommendations and
Corrective Action Plan
For the Year Ended June 30, 2006**

RefNo.	Description of Finding	Corrective Action Planned	Name(s) of Contact Person(s)	Anticipated Completion Date
Section I - Internal Control and Compliance Not Material to the Financial Statements:				
2006-1	<p>We noted the District does not have adequate segregation of duties. One employee controls almost all financial transactions including writing checks, compiling the general ledger, reconciling bank accounts and co-signing checks. To increase internal controls, we recommend adequate segregation of duties. Because of lack of segregation of duties, internal controls are weakened.</p> <p>We recommend that an attempt be made to strengthen internal control problems created by having few employees.</p>	<p>Management indicated that it would not be cost efficient or feasible to increase the number of employees.</p>	Rick Jones	N/A
2006-2	<p>Louisiana Revised Statute 24:513 requires all audit engagements be completed and transmitted to the Louisiana Legislative Auditor within six months of the close of the entity's year end. Accordingly, this audit report for the year ended December 31, 2006 was due to the Legislative Auditor by June 30, 2006.</p> <p>We recommend the District comply with Revised Statute 24:513.</p>	<p>This year's audit was filed late due to an unexpected illness that prevented the auditor from completing his work by June 30. Next year the audit will be completed on time.</p>	Rick Jones	June 30, 2008

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter

None

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA**

**Status of Prior Year Findings
For the Year Ended June 30, 2006**

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
Section I - Internal Control and Compliance Not Material to the Financial Statements:				
2005-1	Numerous	We noted the District does not have adequate segregation of duties. This finding has been reported as a reportable condition other than a material weakness for many years.	No	This is reported in 2006 as finding 2006-1. Management indicates that it is not cost efficient or feasible to increase the number of employees and had no plans to do so.
2005-2	2005	Louisiana Revised Statute 24:513 requires all audit engagements be completed and transmitted to the Louisiana Legislative Auditor within six months of the close fo the year. Accordingly, the District's audit report for the year ended December 31, 2005 was due to the Legislative Auditor by June 30, 2006.	No	This is reported in 2007 as finding 2006-2.

Section II - Internal Control and Compliance Material to Federal Awards

None

Section III - Management Letter:

None