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LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA

Financial Statements
For the Year Ended December 31, 2009

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 8/4/10

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report -----	1-2
Required Supplemental Information (Part A)	
Management's Discussion and Analysis-----	3-5

FINANCIAL STATEMENTS

Governmental Activities

Government-Wide Financial Statements	
Statement of Net Assets -----	6
Statement of Activities -----	7
Fund Financial Statements:	
Balance Sheet – Governmental Funds-----	8
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities -----	8
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds -----	9
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities -----	9
Notes to Financial Statements -----	10-18
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules	
General Fund -----	19
Equipment Reserve -----	20
Fire Training Center -----	21
Notes to Budgetary Comparison Schedules -----	22

OTHER SUPPLEMENTAL INFORMATION

Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	23-24
Schedule of Findings and Questioned Costs -----	25
Summary Schedule of Prior Year Findings -----	26

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities and the fund information of the Lincoln Parish Fire Protection District No. 1 (the District), as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the Lincoln Parish Fire Protection District No. 1 as listed in the table of contents. These financial statements are the responsibility of the Lincoln Parish Fire Protection District No. 1's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and fund information for the Lincoln Parish Fire Protection District No. 1 as of December 31, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 28, 2010, on my consideration of the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 assessing the results of my audit.

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Page 2

Management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 19 through 22, are not a required part of the basic financial statements but are 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 supplementary information. However, I did not audit the information and express no opinion on it.

WILLIAM R. HULSEY
Certified Public Accountant



May 28, 2010

**LINCOLN PARISH FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the Lincoln Parish Fire Protection District provides an overview of the District's activities for the year ended December 31, 2009 as compared to 2008. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Fire District as a whole.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report to the District's net assets and changes in them. The District's net assets (the differences between assets and liabilities) measure the District's financial position. The increases or decreases in the District's net assets are an indicator or whether its financial position is improving or not.

THE FIRE DISTRICT AS A WHOLE

For the year ended December 31, 2009 and 2008, net assets changed as follows:

	<u>2009</u>	<u>2008</u>
Beginning Net Assets	\$3,084,621	\$ 3,404,072
Increase(Decrease) in Net Assets	<u>(10,965)</u>	<u>(319,451)</u>
Ending Net Assets	\$3,073,656	\$ 3,084,621

The Fire District's FUNDS

The following schedule presents a summary of revenues and expenditures for the years ended December 31, 2009 and 2008:

Revenues	2009 Amount	Percent Of Total	2008 Amount	Percent Of Total
Ad Valorem taxes	\$-0-	0.00%	\$ 95	0.01%
Charges for services	580,231	53.27%	536,026	78.82%
Grants	11,309	1.03%	14,731	2.17%
Other revenues	497,801	45.70%	129,220	19.00%
Total Revenues	\$1,089,341	100.00%	\$680,072	100.00%

Expenditures	2009 Amount	Percent Of Total	2008 Amount	Percent Of Total
Public Safety	\$ 848,383	90.12%	\$745,082	74.54%
Capital Outlay	251,923	9.88%	254,441	25.46%
Total Expenditures	\$1,100,306	100.00%	\$999,523	100.00%

BUDGETARY HIGHLIGHTS

The Fire District's total revenues in 2009 met the final budgeted amount. Revenues exceeded expenditures by \$107,903. However, when combined with other adjustments such as depreciation and capitalized assets, etc. and the there is a reduction of net assets totals \$10,965.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2009, the Fire District had \$5,029,415 (\$ 542,347) net of accumulated depreciation) invested in capital assets including buildings, vehicles, and machinery and equipment as shown below:

	December 31 2008	Additions	Disposals	December 31 2009
Vehicles	\$1,639,406	\$23,676		\$1,663,082
Building	150,581			150,581
Machinery & Equipment	3,116,478	81,650		3,198,128
Land		12,800		12,800
Construction in Progress		4,824		4,824
Totals at Historical Cost	\$4,906,465	122,950		5,029,415
Less Accumulated Depreciation	(4,245,344)	(241,724)		(4,487,068)
Totals, net	\$ 661,121	(\$118,774)	\$ -	\$ 542,347

Debt

During 2008, the Fire District paid off its *outstanding* in general obligation refunding bonds, Series 2001. These bonds matured in April, 2009 and there has not been any additional debt incurred since that time. The District had a total liability for compensated absences of \$1,862 at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fire District has hired 10 new firefighter/operators in the last 2 years and has 6 who are completing extensive training. The District is also in the process of staffing 2 stations in the parish (Vienna and Simsboro). It is the goal of the District to provide the best fire protection possible for the citizens of Lincoln Parish and will continue to improve its fire rating. The District will commence responding to emergency medical and extrication calls by mid-year 2010.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about the report or need additional information, contact the following:

Contact Person: Dennis Ford
Title: Director

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 536,293
Investments	1,348,786
Accounts Receivable	605,200
Prepaid Expenses	9,088
Due from LPPJ	78,805
Depreciable Assets	<u>542,347</u>
TOTAL ASSETS	<u>\$ 3,120,519</u>
LIABILITIES	
Accounts Payable	\$ 22,094
Due to LPPJ	22,907
Non-Current Liabilities	
Due Within One Year	
Compensated Absences	<u>1,862</u>
TOTAL LIABILITIES	<u>46,863</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	542,347
Unrestricted	<u>2,531,309</u>
Total Net Assets	<u>3,073,656</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,120,519</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Function/Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Government Activities:				
Public Safety	<u>\$ 1,100,306</u>	<u>\$ 580,231</u>	<u>\$ 11,309</u>	<u>\$ -</u>
				<u>\$ (508,766)</u>

General Revenues:

Sales Tax	418,874
Fire Insurance Rebate	56,515
Interest Earned	20,413
Miscellaneous Revenue	1,999
Total General Revenues	<u>497,801</u>
Changes in Net Assets	(10,965)
Net Assets - Beginning	<u>3,084,621</u>
Net Assets - Ending	<u>\$ 3,073,656</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>
ASSETS:			
Cash	\$ 118,824	\$ 86,704	\$ 57,751
Investments	11,444	-	1,337,342
Accounts Receivable	587,432	21	7,747
Prepaid Expenses	9,088	-	-
Due from LPPJ	73,516	-	-
Due from Other Funds	8,454	-	195,075
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 808,758</u></u>	<u><u>\$ 86,725</u></u>	<u><u>\$ 1,597,915</u></u>
 LIABILITIES AND FUND EQUITY:			
LIABILITIES:			
Accounts Payable	\$ 22,029	\$ -	\$ -
Due to LPPJ	-	-	22,907
Due to Other Funds	119,075	84,454	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>141,104</u>	<u>84,454</u>	<u>22,907</u>
 FUND BALANCES:			
Reserved for:			
Debt Service	-	2,271	-
Unreserved, Reported in:			
General Fund	667,654	-	1,575,008
Capital Project Fund	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>667,654</u>	<u>2,271</u>	<u>1,575,008</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u><u>\$ 808,758</u></u>	 <u><u>\$ 86,725</u></u>	 <u><u>\$ 1,597,915</u></u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

<u>Fire Training Center</u>	<u>Total Governmental Funds</u>		
		Total Governmental Fund Balances	\$ 2,533,171
		<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
\$ 273,014	\$ 536,293		
-	1,348,786		
10,000	605,200		
-	9,088		
5,289	78,805		
-	203,529		
<u>\$ 288,303</u>	<u>\$ 2,781,701</u>	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	542,347
		Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,862)</u>
\$ 65	\$ 22,094		
-	22,907		
-	203,529	Net Assets of Governmental Activities	<u>\$ 3,073,656</u>
<u>65</u>	<u>248,530</u>		
-	2,271		
-	2,242,662		
<u>288,238</u>	<u>288,238</u>		
<u>288,238</u>	<u>2,533,171</u>		
<u>\$ 288,303</u>	<u>\$ 2,781,701</u>		

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund	Debt Service Fund	Equipment Reserve Fund
Revenues:			
Structure Fees	\$ 580,231	\$ -	\$ -
Sales Tax	418,874	-	-
Grants	1,309	-	-
Other Revenues	60,024	851	15,342
Total Revenues	<u>1,060,438</u>	<u>851</u>	<u>15,342</u>
Expenditures:			
Public Safety			
Salaries and Benefits	623,459	-	-
Insurance and Surety Bonds	49,588	-	-
GIS Mapping	20,000	-	-
Professional Services	24,363	-	-
Uniforms	8,690	-	-
Utilities	27,299	-	-
Vehicle Expenditures	24,006	-	-
Maintenance	18,797	-	-
Education and Training	3,474	-	-
Telephone	2,955	-	-
Office Supplies	4,756	-	-
Dues and Subscriptions	2,396	-	-
Equipment Rental	821	-	-
Travel	2,121	-	-
Miscellaneous	8,386	-	-
Leases and Taxes	1,362	-	-
Materials and Supplies	14,466	-	-
Capital Outlay	43,139	-	65,815
Total Expenditures	<u>880,078</u>	<u>-</u>	<u>65,815</u>
Excess (Deficiency) of Revenues Over Expenditures	180,360	851	(50,473)
Other Financing Sources (uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	(10,000)	-	-
Total Other Financing Sources(Uses)	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	170,360	851	(50,473)
Fund Balances, Beginning	497,294	1,420	1,625,481
Fund Balances, Ending	<u>\$ 667,654</u>	<u>\$ 2,271</u>	<u>\$ 1,575,008</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Basis of Presentation

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the District’s overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The governmental-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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental 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, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end

Principal revenue sources considered susceptible to accrual include ad valorem taxes, structure fees, sales tax, and interest on investments. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the District’s present appropriation system.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2009 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

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

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

Equipment Reserve Fund – This fund is established to reserve funds for the replacement of equipment when necessary.

Fire Training Center Fund - This fund is established for the purpose of constructing and maintaining a building for training of firefighters.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting Procedures

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

Cash and Cash Equivalents

Cash includes demand deposits and money market accounts. Under state law, the Lincoln Parish Fire Protection District No. 1 may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union or the laws of the United States. Further, the Lincoln Parish Fire Protection District No. 1 may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

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

Valuation of Carrying Amounts and Deposits

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

Fund Equity

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. There were no restricted net assets at December 31, 2009.
- 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."

Receivables

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In the process of aggregating data for the statements of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified.

Quasi-external transactions are accounted for as revenue and expenditures. Transactions that constitute reimbursements to a fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. All other interfund transactions that are not to be repaid are recorded as transfers.

Fixed Assets

Fixed assets of the District are stated at cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years.

Compensated Absences

Employees accrue from 18 to 30 days of annual leave each year depending on years of service with the District. Firemen may receive up to one year's sick leave per illness as prescribed under Louisiana law.

A provision of \$1,862 has been made for the compensated absences and vacation in these financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits. The custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. 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 bank has failed to pay deposited funds upon demand. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2009. The District had cash and cash equivalents in demand deposits, totaling \$567,706 at December 31, 2009.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

These deposits are stated at cost, which approximates market. 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. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2009, are secured, as follows:

Bank Balances	\$ <u>567,706</u>
FDIC Insurance	336,704
Pledged Securities (uncollateralized)	<u>810,622</u>
Total	\$ <u>1,147,326</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2009 is as follows:

	December 31, 2008			December 31, 2009
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Assets:				
Land	\$ -	\$ 12,800	\$ -	\$ 12,800
Construction in Process	-	4,824	-	4,824
Vehicles	1,639,406	23,676	-	1,663,082
Building	150,581	-	-	150,581
Machinery & Equipment	<u>3,116,478</u>	<u>81,650</u>	-	<u>3,198,128</u>
Totals at Historical Cost	<u>4,906,465</u>	<u>122,950</u>	-	<u>5,029,415</u>
Less Accumulated Depreciation for:				
Vehicles	(1,541,158)	(14,157)	-	(1,555,315)
Building	(16,942)	(3,765)	-	(20,707)
Machinery & Equipment	<u>(2,687,244)</u>	<u>(223,802)</u>	-	<u>(2,687,244)</u>
Total Accumulated Depreciation	<u>(4,245,344)</u>	<u>(241,724)</u>	-	<u>(4,487,068)</u>
CAPITAL ASSETS, NET	\$ <u>661,121</u>	\$ <u>(118,774)</u>	\$ -	\$ <u>542,347</u>

Depreciation was charged to the Public Safety function of the District for \$241,724.

NOTE 4 – INVESTMENTS

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments in United States government securities are held by the District's agent in the District's name. Therefore, the District had no custodial credit risk related to its investments at December 31, 2009.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 – INVESTMENTS (Continued)

Under state law, the District may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2009, the District had the following investments stated at cost, which approximates market:

United States Government Securities	\$ <u>1,348,786</u>
-------------------------------------	---------------------

Interest Rate Risk. In accordance with its investments policy, the District manages its exposure to declines in fair market values by limiting investment portfolio to "money market investments," which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk. The District's investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. governments agencies.

Concentration of Credit Risk. The District's investment policy limits the District's investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

NOTE 5 – ACCOUNTS RECEIVABLE

The receivable of \$605,200 on December 31, 2009, are detailed as follows:

	<u>Total</u>
Structure Fees	\$ 551,052
Sales Tax	35,081
Other Receivables	<u>19,067</u>
Total	\$ <u>605,200</u>

Based on prior experience, the uncollectible ad valorem taxes net of proceeds from the sheriff's sale of property is immaterial, thus no provision has been made for such loss.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - DUE TO/FROM OTHER FUNDS

Individual fund balances due to/from other funds at December 31, 2009, are as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Funds:		
General Fund	\$ 8,454	\$ 119,075
Debt Service Fund	-	84,454
Fire Training Center	-	-
Equipment Reserve Fund	<u>195,075</u>	<u>-</u>
Totals	<u>\$ 203,529</u>	<u>\$ 203,529</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

NOTE 7 - PENSION PLAN

Plan Description

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

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

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809-1752, or by calling (225) 925-4060.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 7 - PENSION PLAN (continued)

Funding Policy

Under the plan, members are required by state statute to contribute 8% of their annual covered salary and the Fire Protection District #1 is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll which went into effect in July of 2009. The previous rate was 12.5%. The District's contributions to the System under for the years ending December 31, 2009, 2008, and 2007 were \$57,875, \$50,787, and \$35,856, respectively, equal to the required contributions for each year.

NOTE 8 - LEASE OBLIGATIONS

The Lincoln Parish Fire Protection District No. 1 has entered into twenty leases for real property on which to locate fire stations. The leases have various commencing dates beginning in April 1993, and running through April 1994. All leases run for twenty-five years following the commencing date with an option for the district to renew the lease for an additional twenty-five years thereafter. All leases are for \$1 per year. Leases shall expire on their own terms if a fire station, fire protection facility or similar structure is not constructed on the leased premises within twenty-four months from the date the agreement is executed by the lessor. Additionally, leases shall expire if the fire station, fire protection facility or other similar structure is not equipped with appropriate fire protection equipment or ceases to be used as a fire protection facility for the period of twenty-four consecutive months.

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2010	\$ 20
2011	20
2012	20
2013	20
2014	20
2015-2018	<u>80</u>
Total minimum payments required	<u>\$ 180</u>

NOTE 9 - LONG-TERM DEBT

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Government Activities:					
Accrued Vacation and Sick Time	\$ 1,768	\$ 94	\$ -	\$ 1,862	\$ 1,862

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - DEFERRED COMPENSATION PLAN

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

The deferred compensation plan is available to all employees of the Lincoln Parish Fire Protection District No. 1. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. In accordance with the provisions of GASB Statement No. 32 and No.34, plan balances and activities are not reflected in the financial statements of the Lincoln Parish Fire Protection District No. 1.

NOTE 11 - LITIGATION AND CLAIMS

According to the Parish District Attorney, the Lincoln Parish Fire Protection District No. 1 had no pending or threatened litigation as of December 31, 2009.

NOTE 12 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Board for the Fire Protection District No. 1 receive no compensation.

NOTE 13 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

When comparing budget to actual amounts for the year ended December 31, 2009, the Equipment Reserve Fund had an unfavorable variance of greater than 5%. The final budget listed revenue totaling \$46,000 as compared to actual revenue in the fund of \$15,342 for an unfavorable variance of \$30,658.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 28, 2010, which the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Intergovernmental:				
Local Grant	\$ 8,000	\$ -	\$ -	\$ -
State Grant	885,000	1,394	1,309	(85)
Taxes - Sales	700,000	440,000	418,874	(21,126)
Charges for Services	536,026	550,152	580,231	30,079
Other Revenues	81,500	60,170	60,024	(146)
Total Revenues	<u>2,210,526</u>	<u>1,051,716</u>	<u>1,060,438</u>	<u>8,722</u>
<u>Expenditures (Outflows):</u>				
Public Safety				
Salaries and Benefits	777,455	625,973	623,459	2,514
Insurance and Surety Bonds	50,775	49,588	49,588	-
GIS Mapping	20,000	20,000	20,000	-
Professional Services	25,000	25,050	24,363	687
Uniforms	10,000	8,115	8,690	(575)
Utilities	30,000	25,730	27,299	(1,569)
Vehicle Expenditures	45,000	23,205	24,006	(801)
Maintenance	20,000	18,750	18,797	(47)
Education and Training	5,000	3,475	3,474	1
Telephone	5,500	3,012	2,955	57
Office Supplies	3,000	4,500	4,756	(256)
Dues and Subscriptions	1,575	2,396	2,396	-
Equipment Rental	1,000	821	821	-
Travel	1,850	2,121	2,121	-
Miscellaneous	1,100	8,531	8,386	145
Leases and Taxes	1,235	1,362	1,362	-
Materials and Supplies	25,000	15,000	14,466	534
Election Expenses	-	-	-	-
Capital Outlay	960,000	43,150	43,139	11
Total Expenditures	<u>1,983,490</u>	<u>880,779</u>	<u>880,078</u>	<u>701</u>
<u>Excess Expenditures Over Revenues</u>	227,036	170,937	180,360	9,423
<u>Other Financing Uses</u>				
Transfers Out	(10,000)	(10,000)	(10,000)	-
<u>Fund Balance at Beginning of Year</u>	497,294	497,294	497,294	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 714,330</u>	<u>\$ 658,231</u>	<u>\$ 667,654</u>	<u>\$ 9,423</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
Other Revenues	\$ 36,856	\$ 46,000	\$ 15,342	\$ (30,658)
Total Revenues	<u>36,856</u>	<u>46,000</u>	<u>15,342</u>	<u>(30,658)</u>
<u>Expenditures (Outflows):</u>				
Capital Outlay	60,000	65,815	65,815	-
Total Expenditures	<u>60,000</u>	<u>65,815</u>	<u>65,815</u>	<u>-</u>
<u>Excess (Deficiency) of Revenues Over Expenditures</u>				
	(23,144)	(19,815)	(50,473)	(30,658)
<u>Other Financing Sources</u>				
Transfers In	-	-	-	-
Fund Balance at Beginning of Year	<u>1,625,481</u>	<u>1,625,481</u>	<u>1,625,481</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,602,337</u>	<u>\$ 1,605,666</u>	<u>\$ 1,575,008</u>	<u>\$ (30,658)</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - FIRE TRAINING CENTER
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Revenues (Inflows):</u>				
Grant Revenue	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Other Revenues	3,600	2,800	2,710	(90)
Total Revenues	13,600	12,800	12,710	(90)
<u>Expenditures (Outflows):</u>				
Office Expense	100	65	65	-
Maintenance	3,500	15,021	6,826	8,195
Utilities	2,000	2,300	2,271	29
Materials & Supplies	500	575	573	2
Insurance	1,350	1,700	1,700	-
Miscellaneous Costs	100	9	9	-
Acquisition of Equipment/Training	10,000	21,055	24,101	(3,046)
Total Expenditures	17,550	40,725	35,545	5,180
<u>Excess (Deficiency) of Revenues Over</u>				
<u>Expenditures</u>	(3,950)	(27,925)	(22,835)	5,090
<u>Other Financing Sources</u>				
Transfers In	10,000	10,000	10,000	-
Fund Balance at Beginning of Year	301,073	301,073	301,073	-
FUND BALANCE AT END OF YEAR	\$ 307,123	\$ 283,148	\$ 288,238	\$ 5,090

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2009

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

State law requires the District to amend its budgets when revenues plus projected revenues within a fund are expected to fall short from budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

MEMBER
AMERICAN INSTITUTE OF
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SOCIETY OF LOUISIANA
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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**

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

I have audited the financial statements of the Lincoln Parish Fire Protection District No. 1 as of and for the year ended December 31, 2009, and have issued my report thereon dated May 28, 2010. I conducted my 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 my audit, I considered the Lincoln Parish Fire Protection District No. 1's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

Board of Commissioners
Lincoln Parish Fire Protection District No. 1
Ruston, Louisiana
Page 2

This report is intended solely for the information and use of the committee, the Legislative Auditor, the Lincoln Parish Police Jury and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

WILLIAM R. HULSEY
Certified Public Accountant



May 28, 2010

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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

I have audited the financial statements of the Lincoln Parish Fire Protection District No. 1 (the District) as of and for the year ended December 31, 2009, and have issued my report thereon dated May 28, 2010. I conducted my 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. My audit of the financial statements as of December 31, 2009, resulted in an unqualified opinion.

SECTION I - Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ___ yes X no

Significant Deficiencies not considered to be
 Material Weaknesses ___ yes X no

Compliance

Compliance Material to Financial Statements ___ yes X no

B. Federal Awards

Material Weakness Identified ___ yes X no

Significant Deficiencies not considered to be
 Material Weaknesses ___ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified ___ Qualified ___

Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
 CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

SECTION II - Financial Statement Findings

No matters were reported.

SECTION III - Federal Award Findings and Questioned Costs

No matters were reported.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

There were no prior year findings in my report issued May 22, 2009.