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LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA

Financial Statements
For the Year Ended December 31, 2004

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 7-27-05

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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WILLIAM R. HULSEY

A PROFESSIONAL ACCOUNTING CORPORATION
2117 FORSYTHE AVENUE
MONROE, LOUISIANA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
P.O. BOX 2253
MONROE, LOUISIANA 71207
(318) 362-9900
FAX (318) 362-9921

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities and major fund information of the Lincoln Parish Fire Protection District No. 1 (the District) as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements of the District 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 major fund information for the Lincoln Parish Fire Protection District No. 1, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, 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 20, 2005, 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.

To the 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 4 and 18 through 21, 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

A handwritten signature in black ink, appearing to read "Wm R. Hulsey", written in a cursive style.

May 20, 2005

**REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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, 2004 as compared to 2003. 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, 2004 and 2003, net assets changed as follows:

	<u>2004</u>	<u>2003</u>
Beginning Net Assets	\$2,853,604	\$ 2,463,055
Restatement of Beginning Net Assets	(120,824)	
Increase in Net Assets	460,077	390,549
Ending Net Assets	\$3,192,857	\$ 2,853,604

The restatement of beginning net assets was due, in large part, to writing off of old, uncollectible accounts receivable that had been on the books for several years. The write off was done to give a more accurate picture of collectible accounts receivable.

The Fire District's FUNDS

The following schedule presents a summary of revenues and expenditures for the years ended December 31, 2004 and 2003:

Revenues	Amount	Percent Of Total	Amount	Percent Of Total
Ad Valorem taxes	\$288,306	28.32%	\$279,534	29.20%
Fees and other tax revenue	512,000	50.27%	499,100	52.14%
Grants	111,276	10.93%	59,950	6.26%
Other revenues	106,704	10.48%	118,607	12.39%
Total Revenues	\$ 1,018,286	100.00%	\$957,191	100.00%

Expenditures	Amount	Percent Of Total	Amount	Percent Of Total
Public Safety	\$ 500,235	89.61%	\$451,185	79.62%
Debt service- interest	37,193	6.67%	50,678	8.94%
Capital Outlay (non capitalized)	20,777	3.72%	64,779	11.44%
Total Expenditures	\$ 558,205	100.00%	\$ 566,642	100.00%

BUDGETARY HIGHLIGHTS

The Fire District's total revenues in 2004 were \$47,640 below the final budgeted amount while expenditures were \$7,171 more than was budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2004, the Fire District had \$3,976,248 invested in capital assets including buildings, vehicles, and machinery and equipment as shown below:

	December 31 2003	Additions	Disposals	December 31 2004
Vehicles	\$1,499,636	\$31,870		\$1,531,506
Building		150,581		150,581
Machinery & Equipment	2,026,643	268,501	(983)	2,294,161
Totals at Historical Cost	\$3,526,279	490,952	(983)	3,976,248
Less Accumulated Depreciation	(3,401,061)	(56,132)	983	(3,456,210)
Totals, net	\$125,218	\$394,820	\$ -	\$520,038

Significant additions during 2004 included \$490,952 in all categories. Major additions included the building for the Fire Training Center, a fire truck, and a rescue truck.

Debt

At year end, the Fire District had a total of \$695,000 outstanding in general obligation refunding bonds, Series 2001. These bonds bear an interest rate of 4.35% and will mature in April, 2006. Additionally, the District had a total liability for compensated absences of \$17,189 at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fire District does not anticipate any major increases or decreases in revenue sources for the coming year and, as such, no major change in expenditure levels is expected.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

		Governmental Activities
ASSETS		
Cash		\$ 1,068,354
Investments		1,610,825
Accounts receivable		755,554
Depreciable Assets		520,038
TOTAL ASSETS		\$ 3,954,771
LIABILITIES		
Accounts payable		\$ 65,745
Non-Current Liabilities		
Due Within One Year		
Bonds Payable		335,000
Compensated Absences		1,167
Due in More Than One Year		
Bonds Payable		360,000
TOTAL LIABILITIES		761,912
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		520,038
Unrestricted		2,672,821
Total Net Assets		3,192,859
TOTAL LIABILITIES AND NET ASSETS		\$ 3,954,771

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

FUND FINANCIAL STATEMENTS

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Function/Program Activities				
Government Activities:				
Public Safety	<u>\$ 558,205</u>	<u>\$ 512,000</u>	<u>\$ 111,276</u>	<u>\$ -</u>
				<u>\$ 65,071</u>

General Revenues:

Sales Taxes	288,306
Fire Insurance Rebate	40,348
Interest Earned	<u>66,356</u>
Total General Revenues	<u>395,010</u>
Changes in Net Assets	460,081
Net Assets - Beginning	<u>2,732,778</u>
Net Assets - Ending	<u>\$ 3,192,859</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, 2004

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>
Assets:			
Cash	\$ 145,402	\$ 153,409	\$ 474,259
Investments	32,844	-	1,577,981
Accounts receivable (net of allowance)	444,734	310,820	-
Due from other funds	-	-	98,675
	-	-	98,675
TOTAL ASSETS	\$ 622,980	\$ 464,229	\$ 2,150,915
 Liabilities and fund equity:			
Liabilities:			
Accounts payable	\$ 23,267	\$ -	\$ 42,383
Due to other funds	98,675	-	-
	121,942	-	42,383
Total liabilities	121,942	-	42,383
 Fund Balances:			
Reserved for:			
Debt Service	-	464,229	-
Unreserved, Reported in:			
General Fund	501,038	-	2,108,532
Capital Project Fund	-	-	-
	501,038	464,229	2,108,532
Total Fund Balances	501,038	464,229	2,108,532
TOTAL LIABILITIES AND FUND EQUITY	\$ 622,980	\$ 464,229	\$ 2,150,915

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2004

<u>Fire Training Center</u>	<u>Total Governmental Funds</u>		
		Total Governmental Fund Balances	\$ 3,368,988
\$ 295,284 - - -	\$ 1,068,354 1,610,825 755,554 98,675	<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
<u>\$ 295,284</u>	<u>\$ 3,533,408</u>	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	520,038
\$ 95 -	\$ 65,745 98,675	Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(1,167)
<u>95</u>	<u>164,420</u>	Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	<u>(695,000)</u>
		Net Assets of Governmental Activities	<u>\$ 3,192,859</u>
- - 295,189	464,229 2,609,570 295,189		
<u>295,189</u>	<u>3,368,988</u>		
<u>\$ 295,284</u>	<u>\$ 3,533,408</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, 2004

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Reserve Fund</u>
Revenues:			
Taxes	\$ -	\$ 288,306	\$ -
Fees and other non tax revenue	512,000	-	-
Grants	8,978	-	-
Other revenues	55,355	1,175	47,165
	<u>576,333</u>	<u>289,481</u>	<u>47,165</u>
Total revenues			
Expenditures:			
Current:			
Public Safety			
Salaries and Benefits	315,275	-	-
Insurance and Surety Bonds	31,507	-	-
GIS Mapping	20,000	-	-
Professional Services	12,002	-	-
Uniforms	8,328	-	-
Utilities	19,996	-	-
Vehicle Expenditures	16,552	-	-
Maintenance	26,424	-	-
Education and Training	3,676	-	-
Telephone	3,745	-	-
Office Supplies	2,880	-	-
Dues and Subscription	4,481	-	-
Equipment Rental	634	-	-
Travel	1,242	-	-
Miscellaneous	671	350	-
Leases and Taxes	1,059	-	-
Materials and Supplies	16,710	-	-
Debt Service - Principal	-	320,000	-
Debt Service - Interest and Fees	-	37,193	-
Capital Outlay	29,460	-	240,315
Total Expenditures	<u>514,642</u>	<u>357,543</u>	<u>240,315</u>
Excess (deficiency) of revenues over expenditures	<u>61,691</u>	<u>(68,062)</u>	<u>(193,150)</u>
Other financing sources (uses):			
Operating transfers in	-	-	75,985
Operating transfers out	(85,985)	-	-
Total other financing sources(uses)	<u>(85,985)</u>	<u>-</u>	<u>75,985</u>
Net Change in Fund Balance	(24,294)	(68,062)	(117,165)
Fund balances, beginning	<u>525,332</u>	<u>532,291</u>	<u>2,225,697</u>
Fund balances, ending	<u>\$ 501,038</u>	<u>\$ 464,229</u>	<u>\$ 2,108,532</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Fire Training Center	Total Governmental Funds		
\$ -	\$ 288,306	Net Change in Fund Balances - Total	
-	512,000	Governmental Funds	\$ (253,995)
102,298	111,276	<i>Amounts reported for governmental</i>	
3,009	106,704	<i>activities in the statement of activities</i>	
		<i>are different because:</i>	
<u>105,307</u>	<u>1,018,286</u>	Government funds report capital outlays	
		as expenditures while governmental	
		activities report depreciation expense to	
		allocate those expenditures over the life	
		of the assets:	
-	315,275	Capital asset purchases capitalized	450,952
-	31,507	Depreciation expense	<u>(56,132)</u>
-	20,000		394,820
5,503	17,505	Repayment of debt principle is an expenditure	
-	8,328	in the governmental funds, but the repayment	
988	20,984	reduces long-term debt liabilities in the statement	
-	16,552	of net assets.	320,000
4,617	31,041	The increase in compensated absences	
-	3,676	liability does not require the use of current	
-	3,745	financial resources but is recorded as an	
95	2,975	expense in the statement of activities.	<u>(744)</u>
-	4,481	Change in Net Assets in Governmental	
-	634	Activities	<u>\$ 460,081</u>
-	1,242		
3,500	4,521		
-	1,059		
-	16,710		
-	320,000		
-	37,193		
<u>145,078</u>	<u>414,853</u>		
<u>159,781</u>	<u>1,272,281</u>		
<u>(54,474)</u>	<u>(253,995)</u>		
10,000	85,985		
-	(85,985)		
<u>10,000</u>	<u>-</u>		
(44,474)	(253,995)		
<u>339,663</u>	<u>3,622,983</u>		
<u>\$ 295,189</u>	<u>\$ 3,368,988</u>		

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

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

Principal revenue sources considered susceptible to accrual include ad valorem taxes, structure fees, 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, 2004

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, 2004 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, 2004

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, 2004.
- 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 receivable 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, 2004

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 5 to 15 days of annual and sick leave each year depending on years of service with the District. Annual leave must be used in the year it is earned. Sick leave up to a maximum of 15 days may be carried forward to the next year for major illnesses only. Upon separation, all unused sick leave lapses.

The accrued vacation and sick time will be liquidated primarily by the General Fund. Payment of compensated absences is dependent upon many factors; therefore, the timing of future payments is not readily determinable.

NOTE 2 - CASH

At year end, the carrying amount (book amount) of the Center's deposits was \$1,068,354, the bank balance was \$1,280,146. The bank balance is categorized as follows:

Amount Insured by FDIC and FSLIC	\$ 300,000
Amount collateralized with securities held by the pledging financial institution's agent in the Fire District's name	<u>980,146</u>
Total Bank Balance	<u>\$ 1,280,146</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 3 – PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2004 is as follows:

	December 31, 2003			December 31, 2004
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Depreciable Assets:				
Vehicles	\$ 1,499,636	\$ 31,870	\$ -	\$ 1,531,506
Building	-	150,581	-	150,581
Machinery & Equipment	<u>2,026,643</u>	<u>268,501</u>	<u>(983)</u>	<u>2,294,161</u>
Totals at Historical Cost	3,526,279	450,952	(983)	3,976,248
Less Accumulated Depreciation for:				
Vehicles	(1,478,542)	(11,348)	-	(1,489,890)
Building	-	(1,882)	-	(1,882)
Machinery & Equipment	<u>(1,922,519)</u>	<u>(42,902)</u>	<u>983</u>	<u>(1,964,438)</u>
Total Accumulated Depreciation	<u>(3,401,061)</u>	<u>(56,132)</u>	<u>983</u>	<u>(3,456,210)</u>
<u>CAPITAL ASSETS, NET</u>	<u>\$ 125,218</u>	<u>\$ 394,820</u>	<u>\$ -</u>	<u>\$ 520,038</u>

Depreciation was charged to the Public Safety function of the District for \$56,132.

NOTE 4 – INVESTMENTS

Investing is performed in accordance with investments policies complying with state statutes and the District's charter. The investments of the District are categorized to give an indication of the level of risk assumed by the District at December 31, 2004. The categories are described as follows:

Category 1 - Insured or registered, with securities held by the entity or its agents in the entity's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, in its trust department in the entity's name.

All investments held by the District are U.S. Government Securities, which are Category 1 investments. At December 31, 2004, the District has investments with carrying amount and fair value of \$1,610,825.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 – ACCOUNTS RECEIVABLE

Property taxes, structure fees, and other receivables are shown net of an allowance for doubtful accounts.

	<u>Total</u> <u>Receivable</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>	<u>Net</u> <u>Receivable</u>
Ad Valorem Taxes	\$ 327,179	\$ 16,359	\$ 310,820
Structure Fees	<u>468,141</u>	<u>23,407</u>	<u>444,734</u>
Total	<u>\$ 795,320</u>	<u>\$ 39,766</u>	<u>\$ 755,554</u>

NOTE 6 - 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's total payroll for the year ended December 31, 2004 was \$191,732 of which \$185,613 was the covered payroll for employees in the Firefighters' Retirement System. The District has four 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, 2004

NOTE 7 – 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>
2005	\$ 20
2006	20
2007	20
2008	20
2009	20
Later Years	<u>240</u>
Total minimum payments required	<u>\$ 340</u>

NOTE 8 – BONDS PAYABLE

	<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:					
Bonds Payable:					
General Obligation					
Refunding Bonds,					
Series 2001	\$1,015,000	\$ -	\$ 320,000	\$ 695,000	\$ 335,000
Accrued Vacation					
and Sick Time	<u>423</u>	<u>744</u>	<u>-</u>	<u>1,167</u>	<u>1,167</u>
Total Governmental Activities					
Long-Term Debt	<u>\$1,015,423</u>	<u>\$ 744</u>	<u>\$ 320,000</u>	<u>\$ 696,167</u>	<u>\$ 336,167</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 8 – BONDS PAYABLE (Continued)

Payments on the bonds payable that pertain to the District’s governmental activities are made by the debt service fund.

Principle and interest requirements to retire the District’s bonds payable obligation is as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Certificates of Indebtedness</u> <u>Series 2001</u>	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 335,000	\$ 22,946
2006	<u>360,000</u>	<u>7,830</u>
Total	<u>\$ 695,000</u>	<u>\$ 30,776</u>

NOTE 9 – FEDERALLY ASSISTED PROGRAMS

The Fire Protection District No. 1 has one federally financial assisted program in the amount of \$2,305 for the current period. A schedule of federally assisted program activity has been presented in accordance with the Office of Management and Budget Circular A-133, “Audits of State and Local Governments.”

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 District. 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.

The deferred compensation plan is administered by PEBSCO (Public Employees Benefit Service Corporation) and Hartford, Inc. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the PEBSCO, until paid or made available to the employees or beneficiaries, are the property of the District subject only to the claims of the District's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise. As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator. In the opinion of the District's legal counsel, the District has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

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, 2004.

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, 2004, there were no governmental fund types that had unfavorable variances greater than 5%.

NOTE 14 - RESTATEMENT OF BEGINNING FUND BALANCE

General Fund

The District had a large amount of old outstanding accounts receivable which had been on the books for several years. It is believed that these fees will not be collected. An adjustment has been made to the allowance for uncollectible account. Also, a small due to payroll account was reclassified to fund balance. These occurrences had the following effects on General Fund beginning fund balance:

Fund Balance at January 1, 2004	\$ 506,222
Allowance for Uncollectible Adjustment	19,075
Reclassification of Due to Payroll Account	<u>35</u>
<u>BEGINNING FUND BALANCE RESTATED</u>	<u>\$ 525,332</u>

Debt Service Fund

The District had a large amount of old outstanding accounts receivable which had been on the books for several years. It is believed that these fees will not be collected. An adjustment has been made to the allowance for uncollectible account. These occurrences had the following effects on Debt Service Fund beginning fund balance:

Fund Balance at January 1, 2004	\$ 672,227
Adjustment to Accounts Receivable and Allowance for Uncollectible, net	<u>(139,936)</u>
<u>BEGINNING FUND BALANCE RESTATED</u>	<u>\$ 532,291</u>

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEUDLES

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Resources (Inflows):</u>				
Intergovernmental:				
Local grant	\$ 4,162	\$ -	\$ -	\$ -
Charges for services	499,100	512,000	512,000	-
Other Revenues	50,200	72,348	55,352	(16,996)
Grant Receipts	-	8,500	8,978	478
Transfers from Other Funds	-	-	-	-
	<u>553,462</u>	<u>592,848</u>	<u>576,330</u>	<u>(16,518)</u>
<u>Charges to Appropriations (Outflows):</u>				
Public Safety				
Salaries and Benefits	302,080	318,980	315,275	(3,705)
Insurance and Surety Bonds	33,000	31,510	31,507	(3)
GIS Mapping	20,000	20,000	20,000	-
Professional Services	10,000	12,005	12,002	(3)
Uniforms	10,000	8,500	8,328	(172)
Utilities	22,000	20,000	19,996	(4)
Vehicle Expenditures	12,000	16,500	16,552	52
Maintenance	29,000	27,500	26,424	(1,076)
Education and Training	5,000	3,575	3,676	101
Telephone	4,000	3,800	3,745	(55)
Office Supplies	3,000	3,000	2,880	(120)
Dues and Subscription	5,400	4,500	4,481	(19)
Equipment Rental	1,000	640	634	(6)
Travel	1,500	1,245	1,242	(3)
Miscellaneous	1,000	650	671	21
Leases and Taxes	850	1,060	1,059	(1)
Materials and Supplies	15,000	16,450	16,710	260
Capital Outlay	28,600	32,760	29,460	(3,300)
Transfers to Other Funds	50,032	70,173	85,985	15,812
Total Charges to Appropriations	<u>553,462</u>	<u>592,848</u>	<u>600,627</u>	<u>7,779</u>
<u>Excess of Resources Over (Under)</u>	-	-	(24,297)	(24,297)
<u>Fund Balance at Beginning of Year</u>	<u>525,332</u>	<u>525,332</u>	<u>525,332</u>	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 525,332</u>	<u>\$ 525,332</u>	<u>\$ 501,035</u>	<u>\$ (24,297)</u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Resources (Inflows):</u>				
Special sales and use tax	\$ 265,965	\$ 351,000	\$ 288,306	\$ (62,694)
Other Revenues	2,500	1,500	1,173	(327)
Amounts Available for Appropriation	268,465	352,500	289,479	(63,021)
<u>Charges to Appropriations (Outflows):</u>				
Principal	320,000	320,000	320,000	-
Interest	37,193	37,193	37,193	-
Miscellaneous	350	350	350	-
Total Charges to Appropriations	357,543	357,543	357,543	-
<u>Excess of Resources Over (Under)</u>	(89,078)	(5,043)	(68,064)	(63,021)
<u>Fund Balance at Beginning of Year</u>	532,291	532,291	532,291	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 443,213</u>	<u>\$ 527,248</u>	<u>\$ 464,227</u>	<u>\$ (63,021)</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Resources (Inflows):</u>				
Other Revenues	\$ 42,000	\$ 23,000	\$ 47,164	\$ 24,164
Transfers from Other Funds	40,032	60,173	75,985	15,812
Amounts Available for Appropriation	82,032	83,173	123,149	39,976
<u>Charges to Appropriations (Outflows):</u>				
Capital Outlay	300,000	241,000	240,315	(685)
Total Charges to Appropriations	300,000	241,000	240,315	(685)
<u>Excess of Resources Over (Under)</u>	(217,968)	(157,827)	(117,166)	40,661
<u>Fund Balance at Beginning of Year</u>	2,225,697	2,225,697	2,225,697	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 2,007,729</u>	<u>\$ 2,067,870</u>	<u>\$ 2,108,531</u>	<u>\$ 40,661</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Resources (Inflows):</u>				
State Grant	\$ 103,000	\$ 85,886	\$ 77,298	\$ (8,588)
Intergovernmental:				
Local Grant	20,000	35,000	25,000	(10,000)
Other Revenues	3,100	2,500	3,011	511
Transfers from Other Funds	-	-	10,000	10,000
Amounts Available for Appropriation	126,100	123,386	115,309	(8,077)
<u>Charges to Appropriations (Outflows):</u>				
Professional Services	15,000	5,505	5,503	2
Maintenance	5,000	4,650	4,617	33
Utilities	1,500	1,025	988	37
Office Supplies	300	100	95	5
Construction Cost	319,739	145,078	145,078	-
Acquisition of Training Props	6,000	3,500	3,500	-
Total Charges to Appropriations	347,539	159,858	159,781	77
<u>Excess of Resources Over (Under)</u>	(221,439)	(36,472)	(44,472)	(8,000)
<u>Fund Balance at Beginning of Year</u>	339,663	339,663	339,663	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 118,224</u>	<u>\$ 303,191</u>	<u>\$ 295,191</u>	<u>\$ (8,000)</u>

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, 2004

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.

**OTHER SUPPLEMENTAL INFORMATION –
GRANT INFORMATION**

WILLIAM R. HULSEY

A PROFESSIONAL ACCOUNTING CORPORATION
2117 FORSYTHE AVENUE
MONROE, LOUISIANA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

MAILING ADDRESS
P.O. BOX 2253
MONROE, LOUISIANA 71207
(318) 362-9900
FAX (318) 362-9921

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

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

I have audited the financial statements of Lincoln Parish Fire Protection District No. 1 as of and for the year ended December 31, 2004 and have issued my report thereon dated May 20, 2005. 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 in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board, 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 20, 2005

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WITH ACCOMPANYING NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
The Office of Domestic Preparedness			
Services:			
Passed through State:			
Office of Homeland Security and Emergency Preparedness	Citizens Corp Grant	97.054	\$ <u>2,305</u>
Total Federal and Expenditures			\$ <u>2,305</u>

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the District. The District is defined in Note 1 to the District's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the presentation of, the basic financial statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

SECTION I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Reportable condition (s) identified that are not considered to be material weakness (es)	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Reportable condition (s) identified that are not considered to be material weakness (es)?	NA
Type of auditor’s report issued on compliance for major programs:	NA
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	NA
Dollar threshold used to distinguish between type A and type B programs?	NA
Auditee qualified as low-risk auditee?	No

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, 2004

There were no prior year findings in our report issued May 20, 2004.