

6/27/01

010 101 11 12

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

**Component Unit Financial Statements and
Independent Auditor's Reports
For the Year Ended
December 31, 2000**

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 6-27-01

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

	<u>Page</u>
SECTION I - GENERAL PURPOSE FINANCIAL STATEMENTS	1
Independent Auditor's Report	2-3
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statements of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	5
Combined Statements of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types - Budget and Actual	6
Notes to the Financial Statements	7-10
SECTION II - REPORT ON COMPLIANCE/INTERNAL CONTROL	11
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13
SECTION III - SCHEDULE OF FINDINGS AND QUESTIONED COSTS	14
Schedule of Findings and Questioned Costs	15-16
SECTION IV - RESPONSE	17
Response from Client	18

SECTION I – GENERAL PURPOSE FINANCIAL STATEMENTS

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general-purpose financial statements of the Fire Protection District No. 1 of Tensas Parish, Louisiana as of December 31, 2000 as listed in the table of contents. These general-purpose financial statements are the responsibility of Fire Protection District No. 1 of Tensas Parish, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Fire Protection District No. 1 of Tensas Parish, Louisiana, as of December 31, 2000 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2001 on our consideration of the Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

**Ferriday, Louisiana
June 18, 2001**

Switzer, Hopkins & Mange

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**

December 31, 2000

ASSETS	<u>Governmental Fund Types</u>		<u>Account Groups</u>		Totals (Memorandum Only)
	General Fund	Debt Service Fund	General Fixed Assets	General Long-Term Debt	
	\$	\$	\$	\$	
Cash	758,222	-	-	-	758,222
Receivables, (net where applicable of allowance for uncollectibles)					
Sales tax	24,597	-	-	-	24,597
Ad valorem taxes	143,762	-	-	-	143,762
Restricted assets (Note C):					
Cash	-	9,281	-	-	9,281
General fixed assets (Note D)	-	-	106,486	-	106,486
Amount available in debt service fund	-	-	-	9,281	9,281
Amount to be provided for retirement of general long term debt	-	-	-	680,719	680,719
Total assets	926,581	9,281	106,486	690,000	1,732,348
 <u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	818	-	-	-	818
Certificates of indebtedness (Note B)	-	-	690,000	-	690,000
Total liabilities	818	-	690,000	690,000	690,818
 Fund Equity:					
Investment in general fixed assets	-	-	106,486	-	106,486
Fund Balance:					
Reserved for debt service	-	9,281	-	-	9,281
Unreserved-undesignated	925,763	-	-	-	925,763
Total fund equity	925,763	9,281	106,486	-	1,041,530
Total liabilities and fund equity	\$ 926,581	\$ 9,281	\$ 106,486	\$ 690,000	\$ 1,732,348

The following notes are an integral part of these financial statements.

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund	Debt Service Fund	Total
REVENUES			
Ad valorem taxes	\$ 152,573	\$ -	\$ 152,573
Sales taxes	108,613	-	108,613
Intergovernmental	14,736	-	14,736
Total revenues	<u>275,922</u>	<u>-</u>	<u>275,922</u>
EXPENDITURES			
General government	74,879	-	74,879
Capital outlay	106,486	-	106,486
Total expenditures	<u>181,365</u>	<u>-</u>	<u>181,365</u>
Excess of revenues over expenditures	94,557	-	94,557
Other financing sources:			
Transfers in (out)	(9,281)	9,281	-
Interest earned	2,092	-	2,092
Proceeds from borrowing	690,000	-	690,000
Total other financing sources	<u>682,811</u>	<u>9,281</u>	<u>692,092</u>
Excess of revenues and other sources over expenditures	777,368	9,281	786,649
Fund Balance, Beginning of Year	<u>148,395</u>	<u>-</u>	<u>148,395</u>
Fund Balance, End of Year	<u>\$ 925,763</u>	<u>\$ 9,281</u>	<u>\$ 935,044</u>

The following notes are an integral part of these financial statements.

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Ad valorem taxes	\$ 142,000	\$ 152,573	\$ 10,573
Sales taxes	107,000	108,613	1,613
Intergovernmental	-	14,736	14,736
Total revenues	<u>249,000</u>	<u>275,922</u>	<u>26,922</u>
EXPENDITURES			
General government	132,494	74,879	57,615
Capital outlay	105,000	106,486	(1,486)
Total expenditures	<u>237,494</u>	<u>181,365</u>	<u>56,129</u>
Excess of revenues over expenditures	11,506	94,557	83,051
Other financing sources:			
Transfers in (out)	-	(9,281)	(9,281)
Interest earned	-	2,092	2,092
Proceeds from borrowing	-	690,000	690,000
Total other financing sources	<u>-</u>	<u>682,811</u>	<u>682,811</u>
Excess of revenues and other sources over expenditures	11,506	777,368	765,862
Fund Balance, Beginning of Year	<u>148,395</u>	<u>148,395</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 159,901</u>	<u>\$ 925,763</u>	<u>\$ 765,862</u>

The following notes are an integral part of these financial statements.

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

INTRODUCTION

1. The Tensas Parish Police Jury created the Fire Protection District No. 1 of Tensas Parish, Louisiana May 25, 1999 by resolution. The District operates in compliance with Part I Chapter 7, Title 40 of the Louisiana Revised Statutes of 1950.
2. The purpose of the District is to provide fire protection.
3. The District's boundaries are all of Tensas Parish, Louisiana. Tensas Parish is located in Northeast Louisiana and has a population of 6,300.
4. A Board of Commissioners appointed by the Tensas Parish Police Jury governs the District. The board members are presently serving without compensation.
5. The District had no paid employees during 2000.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

This report includes all funds that are controlled by or dependent of the Board of Commissioners. Control by or dependence on the Fire District was determined on the basis of budget adoption, authority to issue debt, appointment of governing body, and other general oversight responsibility.

2. Fund Accounting

The accounts of the Fire District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the accompanying financial statements are described as follows:

General Fund

The General Fund is the general operating fund of the Fire Protection District No. 1 of Tensas Parish. It is used to account for all financial resources except those required to be accounted for in another fund.

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

General Fixed Assets and General Long-Term Debt Account Groups

General Fixed Assets –

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group

The General Long-Term Debt account Group is used to account for long-term liabilities to be financed from governmental funds.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying general-purpose financial statements have been prepared on the modified accrual basis (GAAP) of accounting.

Revenues

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15, of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February.

Taxes levied at 4.00 mills of the assessed valuation of property in the district for acquiring, constructing, improving, maintaining and/or operating parish wide fire protection facilities and equipment in and for the District and paying the cost of obtaining water for parish wide fire protection purposes.

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Sales taxes of one quarter per cent of sales in Tensas Parish were levied beginning October 1, 1999. This tax expires September 30, 2009.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

Expenditures

Purchase of equipment and supplies are recorded when the related fund liability is incurred.

4. Budget Practices

Annually, the Fire District adopts a budget. Appropriations lapse at year-end and the District does not utilize encumbrance accounting.

5. Cash and Investments

a. Deposits

At year-end, the bank's balance of the District's deposits (checking and savings accounts) was \$769,525. Of this balance, \$400,000 was covered by FDIC insurance, \$369,525 was covered by collateral held by its agent in the District's name.

6. Total Column on Combined Statements – Overview

The total column on the combined statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B – GENERAL LONG-TERM DEBT

At December 31, 2000, long-term debt was comprised of the following:

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

**FIRE PROTECTION DISTRICT NO. 1
OF TENSAS PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000**

NOTE B – GENERAL LONG-TERM DEBT-CONTINUED

The following is a summary of the long-term debt transaction for the year ended December 31, 2000:

Long-term debt at beginning of year	\$ -
Borrowing during year	690,000
Certificates retired during the year	-
	-
Balance at end of year	\$ 690,000

The maturity schedule for the debt is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ -	\$ 29,095	\$ 29,095
2002	70,000	37,663	107,663
2003	74,000	33,523	107,523
2004	78,000	29,153	107,153
2005	83,000	24,524	107,524
Thereafter	385,000	45,914	430,914
	\$ 690,000	\$ 199,872	\$ 889,872

NOTE C – RESTRICTED ASSETS

Certificates of indebtedness require that a sinking fund be established for the payment of interest and principal. The District shall deposit into the sinking fund from the first revenues of the ad valorem tax a sum equal to the principal and interest falling due on the certificates in that calendar year. The District is in compliance with this covenant.

NOTE D – CHANGES IN GENERAL FIXED ASSETS

The summary of changes in general fixed assets follows:

	<u>Balance</u> <u>12/31/1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2000</u>
Construction in progress	\$ -	\$ 5,902	\$ -	\$ 5,902
Equipment	-	100,584	-	100,584
	-	-	-	-
Total	\$ -	\$ 106,486	\$ -	\$ 106,486

SECTION II – REPORT ON COMPLIANCE/INTERNAL CONTROL

SWITZER, HOPKINS & MANGE

Certified Public Accountants

DENNIS R. SWITZER, CPA
H. MYLES HOPKINS, CPA
SUSAN L. MANGE, CPA

JOHN M. JONES, CPA 1921 - 1983

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

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

We have audited the general purpose financial statements of Fire Protection District No. 1 of Tensas Parish, Louisiana as of and for the year ended December 31, 2000, and have issued our report thereon dated June 18, 2001. We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Fire Protection District No. 1 of Tensas Parish, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is listed in the accompanying schedule of findings and questioned costs as item 2000-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our 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.

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

However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider being a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Fire Protection District No. 1 of Tensas Parish's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2000-2.

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 in amounts that would be material in relation to the general purpose 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. We noted no matters involving the internal control over financial reporting and its operation that we consider being material weaknesses.

This report is intended for the information and use of management of the district and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana
June 18, 2001

Switzer, Hopkins & Mange

**SECTION III – SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

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

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2000**

Summary of Audit Reports

1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.
2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reported Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. One instance of noncompliance with certain laws and regulations of the District was disclosed during the audit.

Findings – Financial Statement Audit

2000-1 -- Bid Law Violation

Condition: Public bids were not obtained on two items purchased during the year in violation of Louisiana law.

Recommendation: We recommend that bids be obtained on all equipment purchased greater than \$15,000 as required by Louisiana law.

Response: The management of the Fire Protection District No. 1 of Tensas Parish, Louisiana concurs with this finding and their response is attached.

2000-2 – Segregation of Duties

Condition: We noted that the Fire Protection District No. 1 of Tensas Parish, Louisiana does not have adequate segregation of duties.

Recommendation: We recommend that an attempt be made to strengthen internal control problems created by having no employees.

Response: Management indicated that it would not be cost efficient or feasible to increase the number of employees.

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

**Schedule of Findings and Questioned Costs
Year Ended December 31, 1999**

Findings – Financial Statement Audit

None

SECTION IV - RESPONSE

**Parish Wide Fire Protection District No 1 of Tensas Parish, Louisiana
Box 6229
St. Joseph, LA 71366
318-766-3992**

June 18, 2001

**Switzer, Hopkins & Mange
ATTN: Mr. Myles Hopkins
P. O. Box 478
Ferriday, LA 71334**

RE: Calendar Year 2000 Audit Findings

Dear Mr. Hopkins:

The management of The District concur with your firm's findings regarding the following issues and responds as such:

2000-1-Bid Law Violation

Response: The first purchase of 25 sets of fire fighter personal gear exceeded the \$15,000.00 bid limit. The order had been placed by board members prior to review by the coordinator and exceeded the thresh hold for bid compliance. A review with board members and management concerning bidding practices has been conducted and formalized accordingly.

The other finding involved the purchase of a used fire engine for the Waterproof Station. An emergency situation existed as the District had no operational pumper south of St. Joseph. The immediate acquisition was mandated by the emergency situation and should have been documented and declared as such. Proper "Request for proposals" have been employed as legal procurement methods for subsequent apparatus procurement.

2000-2-Segregation of Duties

The District coordinator has no signatory authority over any of the District's bank accounts. The District has no paid employees and financially it would not be feasible or prudent to hire any. District purchases are authorized by the Board, signatories for accounts are Commissioners, and two signatures are required. These safeguards should provide for collusion and readily detectable misuse of funds.

Should you have suggestions regarding how we might better assure financial integrity, we would welcome and appreciate your comments.

Sincerely,

Rick Foster, Coordinator

Parish Wide Fire Protection District No 1 of Tensas Parish, Louisiana