

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

- Revenues/scripts
- Purchasing/disbursements
- Budgeting and budget reporting

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management, the Board of Commissioners, the Louisiana Legislative Auditor, and the Lincoln Parish Police Jury. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

WILLIAM R. HULSEY
Certified Public Accountant



June 3, 1997

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990

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LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	Budget	General Fund Actual	Variance
Revenues:			
Taxes	\$ 36,775	\$ 36,770	\$ (5)
Fees and other non tax revenue	445,000	445,000	-
Grants	577	577	-
Other revenues	19,600	18,767	(833)
Total revenues	<u>482,952</u>	<u>482,214</u>	<u>(738)</u>
Expenditures:			
Public safety			
Salaries and benefits	74,000	73,851	149
Bad debts	25,440	25,440	-
Insurance and surety bonds	54,900	46,107	8,793
GIS Mapping	30,000	28,850	1,150
Professional services	4,500	4,475	25
Uniforms	2,100	2,414	(314)
Utilities	16,000	15,152	848
Vehicle expenditures	17,700	17,526	174
Maintenances	10,000	9,507	493
Education and training	750	730	20
Telephone	3,500	3,267	233
Office supplies	2,500	2,260	240
Publications, dues and subscriptions	4,285	4,271	14
Equipment rental	500	513	(13)
Fuel	810	738	72
Miscellaneous	1,025	1,008	17
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	57,000	54,860	2,140
Total expenditures	<u>392,525</u>	<u>386,063</u>	<u>6,462</u>
Excess (deficiency) of revenues over expenditures	<u>88,427</u>	<u>96,151</u>	<u>(7,724)</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(88,427)	(88,427)	-
Total other financing sources (uses)	<u>(88,427)</u>	<u>(88,427)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>10,424</u>	<u>\$ 10,424</u>
Fund balance, beginning		423,041	
Price period adjustment		-	
Fund balance, ending		<u>\$ 433,465</u>	

	Daily Service Account	Variance
\$ 449,159	\$ 449,159	\$ -
-	-	-
<u>14,009</u>	<u>13,827</u>	<u>(171)</u>
<u>463,158</u>	<u>462,977</u>	<u>(171)</u>
-	-	-
8,918	8,918	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
209,080	209,080	-
<u>158,545</u>	<u>158,545</u>	<u>0</u>
<u>413,585</u>	<u>413,296</u>	<u>289</u>
<u>49,243</u>	<u>49,081</u>	<u>162</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>\$ 49,243</u>	<u>49,081</u>	<u>\$ 162</u>
	733,496	
	<u>-</u>	
	<u>\$ 733,496</u>	

The accompanying notes to financial statements are an integral part of these statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BOSTON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998

	Equipment Replacement Fund		
	Budget	Actual	Variance
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fees and other non tax revenue	-	-	-
Grants	-	-	-
Other revenues	43,000	40,965	(2,035)
Total revenues	<u>43,000</u>	<u>40,965</u>	<u>(2,035)</u>
Expenditures:			
Public safety			
Salary and benefits	-	-	-
Hed dues	-	-	-
Insurance and safety bonds	-	-	-
GIS Mapping	-	-	-
Professional services	-	-	-
Uniforms	-	-	-
Utilities	-	-	-
Vehicle expenditures	-	-	-
Maintenance	-	-	-
Education and training	-	-	-
Telephone	-	-	-
Office supplies	-	-	-
Publications, dues and subscriptions	-	-	-
Equipment rental	-	-	-
Travel	-	-	-
Advocates/consult	-	-	-
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>43,000</u>	<u>40,965</u>	<u>(2,035)</u>
Other financing sources (uses)			
Operating transfers in	183,727	183,727	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>183,727</u>	<u>183,727</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 236,727</u>	<u>234,692</u>	<u>\$ 2,035</u>
Fund balance, beginning		635,368	
Five period adjustment		-	
Fund balance, ending		<u>\$ 850,480</u>	

The accompanying notes to financial statements are an integral part of these statements.

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying general purpose financial statements of Lincoln Parish Fire Protection District No. 1 as of December 31, 1996, and for the year then ended. These financial statements are the responsibility of the management of Lincoln Parish Fire Protection District No. 1. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Parish Fire Protection District No. 1, as of December 31, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

WILLIAM R. HULSEY
Certified Public Accountant


June 3, 1997

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS 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 accompanying general purpose financial statements of the Lincoln Parish Fire Protection District No. 1, as of and for the year ended December 31, 1996, and have issued my report thereon dated June 5, 1997.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". These standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Lincoln Parish Fire Protection District No. 1, is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Lincoln Parish Fire Protection District No. 1's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, the Lincoln Parish Fire Protection District No. 1, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Lincoln Parish Fire Protection District No. 1, had not complied, in all material respects, with those provisions.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Under the modified accrual basis of accounting, expenditures are generally recognized when the related fund liability is incurred.

Excises

Ad Valorem Taxes

Ad valorem taxes and related state revenue sharing (which is based on assessments of business property and businesses in the parish) are reported 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 of the current year and January and February of the following year.

Budgets and Budgetary Accounting

The budgets for the funds are prepared by the Secretary-Treasurer 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.

Encumbrance Accounting

Encumbrance accounting, whereby outstanding purchase commitments are recorded, is not employed by the District.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT
CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

I have audited the accompanying general purpose financial statements of the Lincoln Parish Fire Protection District No. 1, as of and for the year ended December 31, 1996, and have issued my report thereon dated June 3, 1997.

I conducted my audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that I plan and perform my audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit of the general purpose financial statements of the Lincoln Parish Fire Protection District No. 1 for the year ended December 31, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

The management of the Lincoln Parish Fire Protection District No. 1 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 9 - BONDS PAYABLE (Continued)

The annual requirements to amortize the bonded debt outstanding as of December 31, 1996, including interest payments of \$1,085,372 are as follows:

Year Ending December 31,	General Obligation Bonds
1997	\$ 405,365
1998	407,335
1999	412,508
2000	418,205
2001	418,335
Later Years	<u>2,148,824</u>
Total	<u>\$4,208,372</u>

The following is a summary of the District's General Obligation Bond transactions for the years ended December 31, 1996:

Bonds outstanding, December 31, 1995	\$3,338,000
Retirements during 1996	<u>205,800</u>
Outstanding December 31, 1996	<u>\$3,132,200</u>

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.

This report is intended for the information of management, the Board of Commissioners, the Louisiana Legislative Auditor, and the Lincoln Parish Police Jury. However, this report is a matter of public record and its circulation is not limited.

WILLIAM R. HILSEY
Certified Public Accountant



June 5, 1997

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
COMBINED BALANCE SHEET -
ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1996

	Governmental Fund Types		
	General Fund	Debt Service Fund	Equipment Replacement Fund
Assets:			
Cash	\$ 48,322	\$ 223,732	\$ 51,280
Investments	11,791	76,007	798,180
Unamortized Bond Premiums	-	3,226	-
Receivables (net of allowance)			
Taxes	380,189	477,352	-
Prepaid expenses	34,416	-	-
Due from other funds	-	-	-
General fixed assets	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long term debt	-	-	-
TOTAL ASSETS	<u>\$ 473,698</u>	<u>\$ 780,547</u>	<u>\$ 850,460</u>
Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	\$ 38,413	\$ -	\$ -
Due to other fund	-	-	-
General obligation bonds	-	-	-
Total liabilities	<u>38,413</u>	<u>-</u>	<u>-</u>
Fund Equity:			
Investment in general fixed assets	-	-	-
Fund balance:			
Reserved for debt service	-	780,547	-
Reserved for equipment replacement	-	-	850,460
Unreserved	<u>413,285</u>	<u>-</u>	<u>-</u>
Total fund equity	<u>413,285</u>	<u>780,547</u>	<u>850,460</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 473,698</u>	<u>\$ 780,547</u>	<u>\$ 850,460</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1990

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Fire Protection District No. 1 of Ruston, Louisiana was created by resolution and adopted by the Police Jury on April 23, 1891. The governing body of the District consists of a six member Board of Commissioners. Four of these commissioners are appointed by the municipalities of Downsville, DeLoach, Simabero, and the Town of Vicenza. Two additional members are appointed by the Police Jury.

The accounting policies of Lincoln Parish Fire Protection District No. 1 conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Financial Reporting Entity

This report includes the funds and account groups which are controlled by the Board of Commissioners. Control by the District is determined on the basis of appointment of governing body and other general oversight responsibility. The accompanying financial statements are intended to present the financial position and results of operations of only the transactions of the Fire Protection District.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for by providing a separate set of self-balancing accounts which are composed of the fund's assets, liabilities, fund equity, revenues and expenditures. The fund is grouped, in the financial statements in this report, into one generic fund type and broad fund category as follows:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 10 - DEFERRED COMPENSATION PLAN (Continued)

The deferred compensation plan is administered by PERSCO (Public Employee Benefit Service Corporation). 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 PERSCO 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.

NOTE 11 - LITIGATION

At December 31, 1996, according to the Parish District Attorney, the District had pending litigation, but adequate insurance coverage is afforded.

NOTE 12 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

When comparing budget to actual amounts for the year ended December 31, 1996, the following governmental funds had variances of greater than 5.0%:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Total Expenditures	\$ 289,529	\$ 288,063	\$ 13,262

NOTE 13 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

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 Replacement Fund

This fund is established to reserve funds for the replacement of equipment when necessary.

In addition to the governmental fund types, the Fire Protection District also maintains two account groups as described below:

General Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. The governmental fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on its balance sheet. Its reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in the governmental fund type operations are accounted for in the general fixed assets account group, rather than in the governmental fund. No depreciation has been provided on such general fixed assets. Public domain or infrastructure are not capitalized. All fixed assets are valued at historical cost.

General Long-Term Debt Account Group

This account group is used to account for the outstanding principal balance of general obligation bonds and other long-term debt not recorded in proprietary funds.

The account group is not a "fund". Its purpose is to measure financial position, not results of operations.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BOSSON, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1996

	Governmental
	General Fund
Revenues	
Taxes	\$ 26,770
Fees and other non tax revenue	445,000
Grants	677
Other revenues	18,383
Total revenues	490,830
Expenditures	
Current	
Public safety	
Salaries and benefits	71,851
Fixed debts	25,648
Insurance and surety bonds	46,103
GIS Mapping	20,000
Professional services	4,479
Uniforms	6,814
Utilities	15,152
Vehicle expenditures	17,289
Maintenance	9,782
Education and training	790
Telephones	2,287
Office supplies	2,180
Publications, fees and subscriptions	4,271
Equipment rental	613
Travel	716
Miscellaneous	1,009
Debt service	
Principal	-
Interest and fees	-
Capital outlay	34,803
Total expenditures	286,682
Excess (deficiency) of revenues over expenditures	204,148
Other financing sources (uses)	
Operating transfers in	
Operating transfers out	(183,727)
Total other financing sources (uses)	(183,727)
Excess (deficiency) of revenues and other sources over expenditures and other uses	13,421
Fund balance, beginning	423,841
Prior period adjustments	-
Fund balance, ending	\$ 437,262

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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.

Louisiana statutes permit the District to invest in United States' bonds, treasury notes, or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

Valuation of Carrying Amounts of Deposits

Cash is reported at net book value - the December 31, 1996, bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Memorandum Only - Total Columns

The total columns on the Combined Statement is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.

Receivables

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

Interfund Receivables and Payables

Due To and Due From Other Funds

Interfund receivables and payables arising from interfund transactions expected to be repaid in the next accounting cycle are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables have not been eliminated.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advances To and Advances From Other Funds

Interfund receivables and payables represent those that are not expected to be repaid during the next accounting cycle.

Compensated Absences

The following annual and sick leave policies are in effect:

Employees accrue from five to fifteen 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 fifteen days, may be carried forward in the next year for major illnesses only. Upon separation, all unused sick leave lapses.

A provision for the compensated absences has been determined to be immaterial by the Fire Protection District, therefore, no provision has been included in these component unit financial statements.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At year end, the carrying amount of the Fire Protection District's deposits was \$514,334, while the bank balance was \$293,627. The bank balance is categorized as follows:

Amount insured by FIDC and FSLIC	\$ 300,000
Amount collateralized with securities held by the pledging financial institution's agent in the District's name	____ 93,627
Total bank balance	<u>\$ 293,627</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 3 - CHANGES IN GENERAL FINED ASSETS

A summary of the changes in general fixed assets account group is as follows:

	Balance December 31, 1995	Additions	Retirements	Balance December 31, 1996
Fire trucks	\$ 3,074,008	\$ 60,664	\$ 1,973	\$ 3,132,700
Buildings	706,430	1,244	7,045	709,629
Site improvements	161,290	-----	-----	161,290
Total	\$ 3,942,044	\$ 61,908	\$ 9,018	\$ 3,994,934

NOTE 4 - INVESTMENTS

Investing is performed in accordance with investment 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, 1996. 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 counterpart's trust department or agent in the entity's name.

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

Investments categorized by level of risk, are:

	Category			Carrying Amount	Fair Value
	1	2	3		
Mortgage backed securities	\$ 588,856	\$ -	\$ -	\$ 588,856	\$ 584,972
U. S. Government securities	378,152	-----	-----	378,152	379,938
Total investments	\$ 967,008	\$ -	\$ -	\$ 967,008	\$ 964,910

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BOSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 5 - ACCOUNTS RECEIVABLE

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

	Total	Allowance for Doubtful Accounts	Net Receivable
	<u>Receivable</u>	<u>Accounts</u>	
Ad Valorem taxes	\$ 380,413	\$ 22,861	\$ 477,552
Structure fees	<u>324,173</u>	<u>133,954</u>	<u>388,169</u>
Total	<u>\$1,024,546</u>	<u>\$ 176,815</u>	<u>\$ 853,721</u>

NOTE 6 - PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM

Plan Description

The Parochial Employees' Retirement System, a Public Employees Retirement System, is a cost sharing multiple-employer plan that is governed by the Louisiana Revised Statutes, title 11, Sections 1900 through 2015, specifically, and other general laws of the State of Louisiana.

Under the Parochial Retirement System, a member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit is equal to three percent of the member's coverage monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death under certain conditions are payable to the retiree's surviving spouse and minor children.

The District's total payroll for the year ended December 31, 1996 was \$40,587 of which \$11,524 was the covered payroll for employees in the Parochial Retirement System. The District has one employee covered under this retirement system.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BOSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 6 - PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM (Continued)

Description of Funding Policy

Covered employees are required by state statute to contribute 5.50% of their salary to the Parochial Retirement System. The Parish contributions are 7.25% of their salary. The contribution requirement for the year ended December 31, 1996 was \$1,997 which consists of \$1,133 from employees and \$864 from the District.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credits projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The Parochial Retirement System does not conduct separate measurements of assets and pension benefit obligations for individual employers. The benefit obligation at December 31, 1995 (the latest date for which such information was available at the date of this report) for the Parochial Retirement System as a whole, determined through an actuarial valuation performed as of that date was \$762,893,510. The Parochial Retirement System's net assets available for benefits on that date were \$647,645,108, resulting in an unfunded pension benefit obligation of \$115,248,402. Historical trend information showing the system's progress in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report. The Lincoln Parish Police Jury does not guarantee the benefits granted by the System.

NOTE 7 - PENSION PLAN - FIREFIGHTERS' RETIREMENT SYSTEM

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.

Fund Type		Total (Non-current Only)
Debt Service Fund	Equipment Replacement Fund	
\$ 449,118	\$ -	\$ 475,000
-	-	449,080
13,857	48,965	677
<u>462,975</u>	<u>48,965</u>	<u>687,138</u>
-	-	73,851
8,919	-	34,350
-	-	46,197
-	-	38,000
-	-	4,479
-	-	6,008
-	-	13,152
-	-	17,599
-	-	9,782
-	-	738
-	-	5,787
-	-	2,186
-	-	4,273
-	-	817
-	-	776
-	-	1,809
201,078	-	205,000
199,986	-	199,986
-	-	34,863
<u>401,064</u>	<u>-</u>	<u>625,222</u>
48,881	48,882	287,187
-	183,713	183,727
-	-	4
-	<u>183,727</u>	<u>183,727</u>
48,881	234,892	287,187
731,466	623,788	1,781,075
<u>\$ 1,219,347</u>	<u>\$ 858,680</u>	<u>\$ 2,068,222</u>

The accompanying notes to financial statements are an integral part of these statements.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
BUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 7 - PENSION PLAN - FIREFIGHTERS' RETIREMENT SYSTEM (Continued)

These employees meeting one of (two) requirements are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 56 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, 1996 was \$60,587 of which \$31,934 was the covered payroll for employees in the Firefighters' Retirement System. The District has one employee covered under this retirement system.

Description of Funding Policy

Covered employees are required by state statute to contribute 8.0% of their salary to the Firefighters' Retirement System. The District's contribution is 9.0% of the employee's salary. The contribution requirement for the year ended December 31, 1996 was \$2,027 which consists of \$954 from employees and \$1,073 from the District.

The amount reported below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in future years as a result of employee service to date. The measure is the actuarial present value of credit projected benefits and is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among government pension plans and employers. The Firefighters' Retirement System does not conduct separate measurements of assets and pension benefit obligations for individual employees. The benefit obligation at June 30, 1995, (the latest date for which such information was available at the date of this report) for the Firefighters' Retirement System as a whole, determined through an actuarial valuation as of that date was \$392,683,345. The Firefighters' Retirement System's net assets available for benefits on that date were \$352,392,508, resulting in a pension benefit asset of \$40,278,877. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial report. The District does not guarantee the benefits granted by the System.

NOTE 8 - LEASE OBLIGATIONS

The Lincoln Parish Fire Protection District has entered into twenty leases for real property on which to locate fire stations. The leases have various commencing dates beginning in April 1995, and running through April 1994. All leases run for twenty-five years following the commencing

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 BUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 8 - LEASE OBLIGATIONS (Continued)

data 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 other similar structure is not constructed on the leased premises within twenty-four months from the date the agreement is executed by the lessee. Additionally, leases shall expire if the fire station, fire protection facility or other similar structure is not equipped with appropriate fire protection equipment or assets to be used as a fire protection facility for a 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>
1997	\$ 20
1998	20
1999	20
2000	20
2001	20
Later Years	<u>348</u>
Total minimum payments required	<u>\$ 448</u>

NOTE 9 - BONDS PAYABLE

The District issued \$4,000,000 of General Obligation Bonds in 1991. Bonds payable at December 31, 1996 are as follows:

\$3,125,000 1991 General Obligation Bonds dated April 1, 1991, due in annual installments of \$145,000 to \$425,000 through April 1, 2006, interest from 6.25% to 12%. This issue is payable from ad valorem tax.

Account Groups		Total (Manufacturing Costs)
General Fixed Assets	General Long-Term Debt	
\$ -	\$ -	\$ 324,334
-	-	887,008
-	-	3,224
-	-	857,721
-	-	24,416
-	-	-
3,994,934	-	3,994,934
-	780,546	780,546
<u>-</u>	<u>2,344,454</u>	<u>2,344,454</u>
<u>\$ 3,994,934</u>	<u>\$ 3,125,000</u>	<u>\$ 3,270,630</u>
\$ -	\$ -	\$ 38,433
-	-	-
<u>-</u>	<u>3,125,000</u>	<u>3,125,000</u>
-	-	-
<u>-</u>	<u>3,125,000</u>	<u>3,163,433</u>
3,994,934	-	3,994,934
-	-	780,547
-	-	850,469
<u>-</u>	<u>-</u>	<u>477,262</u>
<u>3,994,934</u>	<u>-</u>	<u>6,063,206</u>
<u>\$ 3,994,934</u>	<u>\$ 3,125,000</u>	<u>\$ 9,236,630</u>

The accompanying notes to financial statements are an integral part of these statements.