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MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana

Component Unit Financial Statements
As of and for the Year Ended
June 30, 2001

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 1/9/02

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MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana

Component Unit Financial Statements
As of and for the Year Ended June 30, 2001
With Supplemental Information Schedules

CONTENTS

	Statement	Page
Auditor's Report on the Financial Statements		2
General Purpose Financial Statements:		
Balance Sheet - All Fund Types and Account Groups	A	3
Governmental Funds:		
Statement of Revenues, Expenditures, and Changes in Fund Balances	B	4
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	C	5
Notes to the Financial Statements		6
	Schedule	Page
Supplemental Information Schedules:		
Schedule of Compensation Paid Board Members	1	13
Summary Schedule of Prior Audit Findings	2	14
Corrective Action Plan for Current Year Audit Findings	3	15
Other Reports:		
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>		16



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KAREN M. HOLLIS, CPA

Independent Auditor's Report

BOARD OF COMMISSIONERS
MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana

I have audited the accompanying component unit financial statements of the Mangham Fire Protection District No. 4, a component unit of the Richland Parish Police Jury, as of and for the year ended June 30, 2001, as listed in the Table of Contents, and the accompanying supplementary information contained in Schedules I, II, and III which are presented only for supplementary analysis purposes. These financial statements are the responsibility of the District'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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the United States Department of Agriculture Audit Program, December 1989. 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 opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mangham Fire Protection District No. 4, a component unit of the Richland Parish Police Jury, as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 3, 2001, on my consideration of Mangham Fire Protection District No. 4's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Karen M Hollis

Rayville, Louisiana
December 3, 2001

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**MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS**

**Balance Sheet, June 30, 2001
(With comparative Totals for June 30, 2000)**

	GOVERNMENTAL FUNDS		ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)	
	GENERAL FUND		GENERAL	GENERAL	2001	2000
			FIXED ASSETS	LONG-TERM OBLIGATIONS		
ASSETS AND OTHER DEBITS						
Assets:						
Cash and cash equivalents	\$6,194	\$	\$		\$6,194	\$16,204
Restricted cash	34,190				34,190	20,126
Receivables	10,887				10,887	6,421
Accrued interest receivable	1,301				1,301	0
Land, buildings, and equipment			605,352		605,352	597,509
Other Debits:						
Amount to be provided for retirement of general long-term obligations				358,361	358,361	384,607
TOTAL ASSETS AND OTHER DEBITS	\$52,572		\$605,352	\$358,361	\$1,016,285	\$1,024,867
LIABILITIES, EQUITY, AND OTHER CREDITS						
Liabilities:						
Accounts payable	\$308	\$	\$		\$308	\$215
General obligation bonds payable				358,361	358,361	384,607
Total Liabilities	308			358,361	358,669	384,822
Equity and Other Credits:						
Investment in general fixed assets			605,352		605,352	597,509
Fund balances:						
Reserved for debt service	34,190				34,190	20,126
Unreserved - undesignated	18,074				18,074	22,410
Total Equity and Other Credits	52,264		605,352		657,616	640,045
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$52,572		\$605,352	\$358,361	\$1,016,285	\$1,024,867

See the auditor's report.
The accompanying notes are an integral part of these financial statements.

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2001
(With Comparative Totals for June 30, 2000)

	GENERAL FUND	TOTALS	
		(MEMORANDUM ONLY) 2001	2000
REVENUES			
Parcel Fees	\$78,900	\$78,900	\$76,300
Intergovernmental revenues:			
Parish police jury-2% fire insurance rebate	4,464	4,464	4,398
Parish police jury grant	10,000	10,000	0
Forestry grant	1,408	1,408	0
Interest earnings	2,008	2,008	1,106
Miscellaneous	1,182	1,182	3,742
Refunds	(400)	(400)	(692)
Total revenues	<u>97,562</u>	<u>97,562</u>	<u>84,854</u>
EXPENDITURES			
Public Safety:			
Fuel	1,232	1,232	1,145
Insurance	9,435	9,435	10,306
Legal and accounting	7,306	7,306	4,866
Office supplies	384	384	2,846
Repairs and maintenance	4,592	4,592	2,213
Supplies	5,044	5,044	5,611
Taxes	0	0	160
Telephone	954	954	1,128
Training	0	0	0
Utilities	4,910	4,910	3,440
Capital Outlay	7,843	7,843	0
Debt service:			
Principal	26,326	26,326	24,699
Interest	19,808	19,808	21,435
Total expenditures	<u>87,834</u>	<u>87,834</u>	<u>77,849</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	9,728	9,728	7,005
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>42,536</u>	<u>42,536</u>	<u>35,531</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u><u>\$52,264</u></u>	<u><u>\$52,264</u></u>	<u><u>\$42,536</u></u>

See the auditor's report.

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

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2001
(With Comparative Totals for June 30, 2000)

	2001			2000		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES						
Parcel Fees	\$75,500	\$78,900	\$3,400	\$75,500	\$76,300	\$800
Intergovernmental revenues:						
Parish police jury-2% fire insurance rebate	4,000	4,464	464	4,000	4,398	398
Parish police jury grant	0	10,000	10,000	0	0	0
Forestry grant	0	1,408	1,408	0	0	0
Interest earnings	1,000	2,008	1,008	1,000	1,106	106
Miscellaneous	0	1,182	1,182	0	3,742	3,742
Refunds	0	(400)	(400)	0	(692)	(692)
Total revenues	<u>80,500</u>	<u>97,562</u>	<u>17,062</u>	<u>80,500</u>	<u>84,854</u>	<u>4,354</u>
EXPENDITURES						
Public safety:						
Fuel	1,000	1,232	(232)	1,000	1,145	(145)
Insurance	10,000	9,435	565	10,000	10,306	(306)
Legal and accounting	8,700	7,306	1,394	2,700	4,866	(2,166)
Office supplies	0	384	(384)	0	2,846	(2,846)
Repairs and maintenance	6,001	4,592	1,409	6,001	2,213	3,788
Supplies	5,500	5,044	456	4,000	5,611	(1,611)
Taxes	0	0	0	0	160	(160)
Telephone	1,000	954	46	0	1,128	(1,128)
Training	0	0	0	0	0	0
Utilities	5,000	4,910	90	3,500	3,440	60
Capital Outlay	12,500	7,843	4,657	2,500	0	2,500
Debt service:						
Principal	25,400	26,326	(926)	25,400	24,699	701
Interest	25,400	19,808	5,592	25,400	21,435	3,965
Total expenditures	<u>100,501</u>	<u>87,834</u>	<u>12,667</u>	<u>80,501</u>	<u>77,849</u>	<u>2,652</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(20,001)	9,728	29,729	(1)	7,005	7,006
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	<u>42,536</u>	<u>42,536</u>	<u>0</u>	<u>35,531</u>	<u>35,531</u>	<u>0</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>\$22,535</u>	<u>\$52,264</u>	<u>\$29,729</u>	<u>\$35,530</u>	<u>\$42,536</u>	<u>\$7,006</u>

See the auditor's report.

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

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2001

INTRODUCTION

Mangham Fire Protection District No. 4 was created by resolution of the Richland Parish Police Jury in July, 1992, for the purpose of purchasing and maintaining fire equipment and providing fire protection for the people included in the district according to the boundaries set by the Richland Parish Police Jury. Approximately 789 homes and buildings are included in the district. A board of commissioners consisting of five members governs the district. The commissioners are appointed by the Richland Parish Police Jury and receive no compensation for their services. The district has no employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Mangham Fire Protection District No. 4 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The district is a component unit of the Richland Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
Notes to the Financial Statements (Continued)

Funds of the district are classified as governmental funds. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the district include:

1. General Fund--the general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Parcel fees are assessed on a calendar year basis, become due on November 1 of each year, and become delinquent on January 1. The taxes are recorded in the year they are assessed. The taxes are generally collected in December of the current year and January and February of the ensuing year. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

Interest income on deposits is recorded when credited by the bank.

Substantially all other revenues are recorded when they become available to the district.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

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.

E. BUDGETS

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
Notes to the Financial Statements (Continued)

The district uses the following budget practices:

Preliminary budgets for the ensuing year are prepared during April of each year. The Board reviews the proposed budget and makes changes as it deems appropriate. The budget is then adopted prior to June 30. All annual appropriations lapse at year end.

The budget comparison statement included in the accompanying financial statements presents the original adopted budget (GAAP basis) with all amendments made during the year. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with accounting principles generally accepted in the United States of America are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

F. ENCUMBRANCES

The district does not use the encumbrance system in its record keeping.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

I. COMPENSATED ABSENCES

The district does not have any full time employees; therefore, it does not have a formal vacation or sick leave policy.

J. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

K. FUND EQUITY

Reserves

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
Notes to the Financial Statements (Continued)

Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

L. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. LEVIED TAXES

The district is authorized to levy a parcel fee not to exceed \$100 annually on property within the district for maintenance and operation of the district. The fee may be collected at the same time as ad valorem taxes and the fee expires in 2017.

3. CASH AND CASH EQUIVALENTS

At June 30, 2001, the district has cash and cash equivalents (book balances) totaling \$40,384 as follows:

Demand deposits	\$6,194
Interest bearing demand deposits	9,690
Time Deposits	<u>\$24,500</u>
Total	<u><u>\$40,384</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2001, the district has \$40,578 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at June 30, 2001:

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
Notes to the Financial Statements (Continued)

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Total</u>
Parcel Fees	<u>\$10,887</u>	<u>\$10,887</u>
Total	<u>\$10,887</u>	<u>\$10,887</u>

The receivable account represents delinquent accounts for the prior years plus any unpaid current year parcel fees as of June 30, 2001. No allowance for uncollectibles is maintained.

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 1-Jul 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 30-Jun 2001</u>
Land	\$7,181	\$0	\$0	\$7,181
Buildings	140,245	7,843	0	148,088
Trucks & Equipment	405,083	0	0	405,083
Donated Equipment	45,000	0	0	45,000
Total	<u>\$597,509</u>	<u>\$7,843</u>	<u>\$</u>	<u>\$605,352</u>

6. PENSION PLAN

The district has no employees, therefore, it does not have a pension plan of its own.

7. LEASES

The District leases the Fire Station #1 from the Town of Mangham for \$1 per year.

8. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	<u>Debt</u>	<u>Total</u>
Long-term obligations payable at July 1, 2000	\$384,607	\$384,607
Additions		
Deductions	<u>26,246</u>	<u>26,246</u>
Long-term obligations payable at June 30, 2001	<u>\$358,361</u>	<u>\$358,361</u>

MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
Notes to the Financial Statements (Continued)

On January 30, 1995, the District issued two Parcel Fee Bonds totaling \$476,000 at an interest rate of 5.25%. The following schedule outlines the bond details and repayment information:

Bond R-1: Principal of \$119,000 with twenty-two annual payments. The first payment on January 31, 1996 was for interest only. The remaining annual payments of \$9,477 will consist of principal and interest.

Bond R-2: Principal of \$357,000 with fifteen annual payments. The first payment on January 31, 1996 was for interest only. The remaining annual payments of \$36,646 will consist of principal and interest.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
June 30, 2002	\$27,294	\$18,829	\$46,123
June 30, 2003	28,727	17,396	46,123
June 30, 2004	30,235	15,888	46,123
June 30, 2005	31,823	14,300	46,123
June 30, 2006	33,493	12,630	46,123
June 30, 2007-2017	206,789	69,949	276,738
Totals	<u>\$358,361</u>	<u>\$148,992</u>	<u>\$507,353</u>

Under the financing agreement, the district is to maintain a Reserve Fund equal to the amount of the annual payment of \$46,123 until the loan has been paid. An amount equal to 10% of the annual payment is to be made to the Reserve Fund each year until the \$46,123 has been accumulated and this account is designated for restricted use. As of June 30, 2001 the Reserve Fund has accumulated \$34,190.

9. LITIGATION AND CLAIMS

The district is not aware of any lawsuits or possible threats of any lawsuits at June 30, 2001.

**MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 2001**

COMPENSATION PAID BOARD MEMBERS

A schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 2).

CURRENT AUDIT FINDINGS

The corrective action plan for current year audit findings is presented in Schedule 3.

**MANGHAM FIRE PROTECTION DISTRICT NO. 4
RICHLAND PARISH POLICE JURY
Mangham, Louisiana**

**Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2001**

<u>NAME</u>	<u>2001 AMOUNT</u>	<u>2000 AMOUNT</u>
Gary Piro, Chairman	\$0	\$0
John Landers	0	0
Samuel Duchesne	0	0
Fred Douciere	0	0
Royce Lowery	0	0
	<hr/>	<hr/>
Total	<u>\$0</u>	<u>\$0</u>

**MANGHAM FIRE PROTECTION DISTRICT NO. 4
 RICHLAND PARISH POLICE JURY
 Mangham, Louisiana**

**Summary Schedule of Prior Audit Findings
 For the Year Ended June 30, 2001**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
Section I - Internal Control and Compliance Material to the Financial Statements:				
_____	_____	_____	_____	_____
		_____		_____
		_____		_____
Section II - Management Letter & Agreed-Upon Procedures Report:				
_____	_____	_____	_____	_____
		_____		_____
		_____		_____

There were no prior year findings.

**MANGHAM FIRE PROTECTION DISTRICT NO. 4
 RICHLAND PARISH POLICE JURY
 Mangham, Louisiana**

**Corrective Action Plan for
 Current Year Audit Findings
 For the Year Ended June 30, 2001**

<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
Internal Control and Compliance Material to the Financial Statements:			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
- Management Letter & Agreed Upon Procedures Report:			
<u>Sales tax being paid on purchases by fire district</u>	<u>Provide supplies with tax exempt status form and ask for refunds of sales tax paid</u>	<u>Gary Piro</u> <u>Gary Gilley</u>	<u>6/30/2002</u>
_____	_____	_____	_____



KAREN M. HOLLIS, CPA

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

Board of Commissioners
Mangham Fire Protection District No. 4
Richland Parish Police Jury
Mangham, Louisiana

I have audited the financial statements of Mangham Fire Protection District No. 4, a component unit of the Richland Parish Police Jury, as of and for the year ended June 30, 2001, and have issued my report thereon dated December 3, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Mangham Fire Protection District No. 4's financial statements are free of material misstatement, I 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 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*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Mangham Fire Protection District No. 4, in a separate letter dated December 3, 2001.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Mangham Fire Protection District No. 4'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 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 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.

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This report is intended solely for the information and use of the board of commissioners, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Karen M. Hollis

Rayville, Louisiana
December 3, 2001



The CPA. Never Underestimate The Value.®

KAREN M. HOLLIS, CPA

December 3, 2001

Board of Directors
Mangham Fire Protection District No. 4

I have audited the general purpose financial statements of the Mangham Fire Protection District No. 4 for the year ended June 30, 2001, and have issued my reports on the financial statements dated December 3, 2001.

As a result of planning and performing the audit, certain matters have come to my attention, that are not reflected in any of the aforementioned reports, which I feel worthy of consideration by management. These matters are presented below:

1. In my testing of cash disbursements, I noticed that sales tax had been paid on a purchase. I pulled other invoices and noticed that on some items sales tax was charged and on others no tax was charged. The District is a governmental entity and should not be paying sales tax. I recommend that the District provide its suppliers with a tax exempt certificate and also request a refund and/or credit of sales tax that has been paid. A copy of the tax exempt certificate is provided with this letter.

As always, I wish to express my appreciation to the District for all the courtesy and assistance I received during this year's audit. Your past history of giving serious consideration to my findings and recommendations is a strong indication of your desire to enhance the District's financial management function and achieve your goals toward your stewardship over the District's resources and assets. I hope this year's comments and recommendations will further assist you in these efforts.

Sincerely,

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