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LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 JUL 03 1996

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995

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Hulsey, Harwood & Hulsey

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of Lincoln Parish Fire Protection District No. 1 as of December 31, 1995, and for the year then ended. These financial statements are the responsibility of the management of Lincoln Parish Fire Protection District No. 1. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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. 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 Lincoln Parish Fire Protection District No. 1, as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

HULSEY, HARWOOD AND HULSEY, CPA's
A Professional Accounting Corporation

Hulsey, Harwood & Hulsey

March 22, 1996

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 COMBINED BALANCE SHEET -
 ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1995

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Equipment Replacement Fund</u>
Assets:			
Cash	\$ 79,901	\$ 261,758	\$ 129,557
Investments	-	-	496,211
Receivables (net of allowance)			
Taxes	346,180	469,708	-
Prepaid expenses	38,050	-	-
Due from other funds	-	-	-
General fixed assets	-	-	-
Amount available in debt service fund	-	-	-
Amount to be provided for retirement of general long term debt	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 464,131</u>	<u>\$ 731,466</u>	<u>\$ 625,768</u>
 Liabilities and Fund Equity:			
Liabilities:			
Accounts payable	\$ 40,265	\$ -	\$ -
Due to other fund	-	-	-
General obligation bonds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>40,265</u>	<u>-</u>	<u>-</u>
 Fund Equity:			
Investment in general fixed assets	-	-	-
Fund balance:			
Reserved for debt service	-	731,466	-
Reserved for equipment replacement	-	-	625,768
Unreserved	423,866	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund equity	<u>423,866</u>	<u>731,466</u>	<u>625,768</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 464,131</u>	<u>\$ 731,466</u>	<u>\$ 625,768</u>

<u>Account Groups</u>		
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ -	\$ 471,216
-	-	496,211
-	-	815,888
-	-	38,050
-	-	-
3,942,044	-	3,942,044
-	731,466	731,466
<u>-</u>	<u>2,598,534</u>	<u>2,598,534</u>
<u>\$ 3,942,044</u>	<u>\$ 3,330,000</u>	<u>\$ 9,093,409</u>
\$ -	\$ -	\$ 40,265
-	-	-
<u>-</u>	<u>3,330,000</u>	<u>3,330,000</u>
<u>-</u>	<u>3,330,000</u>	<u>3,370,265</u>
3,942,044	-	3,942,044
-	-	731,466
-	-	625,768
<u>-</u>	<u>-</u>	<u>423,866</u>
<u>3,942,044</u>	<u>-</u>	<u>5,723,144</u>
<u>\$ 3,942,044</u>	<u>\$ 3,330,000</u>	<u>\$ 9,093,409</u>

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1995

	Governmental
	General Fund
Revenues:	
Taxes	\$ 27,116
Fees and other non tax revenue	353,350
Grants	987
Other revenues	12,693
Total revenues	394,146
Expenditures:	
Current	
Public safety	
Salaries and benefits	70,907
Bad debts	21,200
Insurance and surety bonds	53,676
GIS Mapping	19,803
Professional services	11,489
Uniforms	5,210
Utilities	14,084
Vehicle expenditures	11,448
Maintenance	14,347
Education and training	4,010
Telephone	3,433
Office supplies	2,530
Publications, dues and subscriptions	4,337
Equipment rental	1,458
Travel	1,948
Miscellaneous	1,952
Debt service	
Principal	-
Interest and fees	-
Capital outlay	77,021
Total expenditures	318,853
Excess (deficiency) of revenues over expenditures	75,293
Other financing sources (uses):	
Operating transfers in	-
Operating transfers out	(74,796)
Total other financing sources (uses)	(74,796)
Excess (deficiency) of revenues and other sources over expenditures and other uses	497
Fund balance, beginning	423,369
Prior period adjustment	-
Fund balance, ending	\$ 423,866

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, 1995

	General Fund		Variance
	Budget	Actual	
Revenues:			
Taxes	\$ 27,100	\$ 27,116	\$ 16
Fees and other non tax revenue	353,350	353,350	-
Grants	1,000	987	(13)
Other revenues	10,000	12,693	2,693
Total revenues	<u>391,450</u>	<u>394,146</u>	<u>2,696</u>
Expenditures:			
Public safety			
Salaries and benefits	71,100	70,907	193
Bad debts	21,200	21,200	-
Insurance and surety bonds	51,550	53,676	(2,126)
GIS Mapping	20,000	19,803	197
Professional services	12,150	11,489	661
Uniforms	5,900	5,210	690
Utilities	13,500	14,084	(584)
Vehicle expenditures	11,000	11,448	(448)
Maintenance	14,500	14,347	153
Education and training	4,100	4,010	90
Telephone	3,500	3,433	67
Office supplies	2,600	2,530	70
Publications, dues and subscriptions	4,337	4,337	-
Equipment rental	1,500	1,458	42
Travel	1,950	1,948	2
Miscellaneous	1,650	1,952	(302)
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	76,117	77,021	(904)
Total expenditures	<u>316,654</u>	<u>318,853</u>	<u>(2,199)</u>
Excess (deficiency) of revenues over expenditures	<u>74,796</u>	<u>75,293</u>	<u>497</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(74,796)	(74,796)	-
Total other financing sources (uses)	<u>(74,796)</u>	<u>(74,796)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>497</u>	<u>\$ 497</u>
Fund balance, beginning		423,369	
Prior period adjustment		-	
Fund balance, ending		<u>\$ 423,866</u>	

<u>Budget</u>	<u>Debt Service Actual</u>	<u>Variance</u>
\$ 445,500	\$ 445,572	\$ 72
-	-	-
-	-	-
<u>11,500</u>	<u>10,845</u>	<u>(655)</u>
<u>457,000</u>	<u>456,417</u>	<u>(583)</u>
-	-	-
8,910	8,910	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
675	665	10
190,000	190,000	-
217,895	217,895	-
-	-	-
<u>417,480</u>	<u>417,470</u>	<u>10</u>
<u>39,520</u>	<u>38,947</u>	<u>(573)</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>\$ 39,520</u>	38,947	<u>\$ (573)</u>
	692,519	
	-	
	<u>\$ 731,466</u>	

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

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, 1995

	Equipment Replacement Fund		
	Budget	Actual	Variance
Revenues:			
Taxes	\$ -	\$ -	\$ -
Fees and other non tax revenue	-	-	-
Grants	-	-	-
Other revenues	<u>25,000</u>	<u>32,889</u>	<u>7,889</u>
Total revenues	<u>25,000</u>	<u>32,889</u>	<u>7,889</u>
Expenditures:			
Public safety			
Salaries and benefits	-	-	-
Bad debts	-	-	-
Insurance and surety bonds	-	-	-
GIS Mapping	-	-	-
Professional services	-	-	-
Uniforms	-	-	-
Utilities	-	-	-
Vehicle expenditures	-	-	-
Maintenance	-	-	-
Education and training	-	-	-
Telephone	-	-	-
Office supplies	-	-	-
Publications, dues and subscriptions	-	-	-
Equipment rental	-	-	-
Travel	-	-	-
Miscellaneous	-	-	-
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>25,000</u>	<u>32,889</u>	<u>7,889</u>
Other financing sources (uses):			
Operating transfers in	74,796	74,796	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>74,796</u>	<u>74,796</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>\$ 99,796</u>	107,685	<u>\$ 7,889</u>
Fund balance, beginning		517,295	
Prior period adjustment		<u>788</u>	
Fund balance, ending		<u>\$ 625,768</u>	

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

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1995

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, 1991. The governing body of the District consists of a six member Board of Commissioners. Four of these commissioners are appointed by the municipalities of the Downsville, Dubach, Simsboro, and the Town of Vienna. 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 comprised 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, 1995

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 infrastructures 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
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

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.

Revenues

Ad Valorem Taxes

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

Budgets and Budgetary Accounting

The budgets for the funds are proposed 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.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

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, 1995, 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 column 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
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advance To and Advance 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 to 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 amounts of the Fire Protection District's deposits was \$471,216, while the bank balance was \$483,930. The bank balance is categorized as follows:

Amount insured by FDIC and FSLIC	\$ 200,000
Amount collateralized with securities held by the pledging financial institution's agent in the Districts name	<u>283,930</u>
Total bank balance	<u>\$ 483,930</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

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

	Balance <u>December 31, 1994</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>December 31, 1995</u>
Fire trucks	\$ 3,009,068	\$ 64,950	\$ -	\$ 3,074,018
Buildings	695,890	12,071	1,531	706,430
Site improvements	<u>161,596</u>	<u>-</u>	<u>-</u>	<u>161,596</u>
Total	<u>\$ 3,866,554</u>	<u>\$ 77,021</u>	<u>\$ 1,531</u>	<u>\$ 3,942,044</u>

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, 1995. 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.

Investments categorized by level of risk, are:

	<u>1</u>	Category <u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Mortgage backed securities	\$ 94,197	\$ -	\$ -	\$ 94,197	\$ 104,784
U. S. Government securities	<u>402,014</u>	<u>-</u>	<u>-</u>	<u>402,014</u>	<u>404,092</u>
Total investments	<u>\$ 496,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496,211</u>	<u>\$ 508,876</u>

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1995

NOTE 5 - ACCOUNTS RECEIVABLE

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

	<u>Total Receivable</u>	Allowance for <u>Doubtful Accounts</u>	<u>Net Receivable</u>
Ad Valorem taxes	\$ 483,660	\$ 13,952	\$ 469,708
Structure fees	<u>474,694</u>	<u>128,514</u>	<u>346,180</u>
Total	<u>\$ 958,354</u>	<u>\$ 142,466</u>	<u>\$ 815,888</u>

NOTE 6 - PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM

Plan Description

The Parochial Employees' Retirement System, a Public Employee Retirement System, is a cost sharing multiple-employer plan that is governed by the Louisiana Revised Statutes, title II, Sections 1901 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, 1995, was \$57,554 of which \$18,949 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
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

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

Description of Funding Policy

Covered employees are required by state statute to contribute 9.50% of their salary to the Parochial Retirement System. The Parish contributions are 8.0% of their salary. The contribution requirement for the year ended December 31, 1995, was \$3,316 which consists of \$1,800 from employees and \$1,516 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 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 Parochial Retirement System does not conduct separate measurements of assets and pension benefit obligations for individual employers. The benefit obligation at December 31, 1994 (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 \$678,722,913. The Parochial Retirement System's net assets available for benefits on that date were \$572,585,613, resulting in an unfunded pension benefit obligation of \$106,137,300. 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.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

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

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, 1995, was \$57,554 of which \$18,949 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 statutes 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, 1995, was \$3,221 which consists of \$1,516 from employees and \$1,705 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 employers. 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 \$392,663,345. The Firefighters' Retirement System's net assets available for benefits on that date were \$352,392,368, resulting in a pension benefit asset of \$40,270,977. 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 1993, and running through April 1994. All leases run for twenty-five years following the commencing date with

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

NOTE 8 - LEASE OBLIGATIONS (Continued)

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 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 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 December 31,</u>	<u>Amount</u>
1996	\$ 20
1997	20
1998	20
1999	20
2000	20
Later Years	<u>360</u>
Total minimum payments required	<u>\$ 460</u>

NOTE 9 - BONDS PAYABLE

The District issued \$4,000,000 of General Obligation Bonds in 1991. Bonds payable at December 31, 1995, are as follows:

\$3,520,000 1991 General Obligation Bonds dated April 1, 1991, due in annual installments of \$145,000 to \$425,000 through April 1, 2006, interest from 6.2% to 12%. This issue is payable from ad valorem tax.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

NOTE 9 - BONDS PAYABLE (Continued)

The annual requirements to amortize the bonded debt outstanding as of December 31, 1995, including interest payments of \$1,282,692 are as follows:

<u>Year Ending December 31,</u>	<u>General Obligation Bonds</u>
1996	\$ 404,320
1997	405,765
1998	407,335
1999	412,507
2000	416,205
Later Years	<u>2,566,560</u>
Total	<u>\$4,612,692</u>

The following is a summary of the District's General Obligation Bond transactions for the years ended December 31, 1995:

Bonds outstanding December 31, 1994	\$3,520,000
Retirements during 1995	<u>190,000</u>
Outstanding December 31, 1995	<u>\$3,330,000</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.

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
 RUSTON, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 1995

NOTE 10 - DEFERRED COMPENSATION PLAN (Continued)

The deferred compensation plan is administered by PEBSCO (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 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.

NOTE 11 - LITIGATION

At December 31, 1995, according to the Parish District Attorney, the District had pending litigation, but adequate insurance coverage is afforded.

NOTE 12 - PRIOR PERIOD ADJUSTMENTS

The following are the prior period adjustments recorded on the Lincoln Parish Fire Protection District No. 1.

Equipment Replacement Fund - \$788 net increase in fund balance to record the amortization of bond discounts and premiums.

NOTE 13 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

When comparing budget to actual amounts for the year ended December 31, 1995, the following governmental funds had variances of greater than 5.0%:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Equipment Replacement Fund - Total revenues	\$ 25,000	\$ 32,889	\$ 7,889

LINCOLN PARISH FIRE PROTECTION DISTRICT NO. 1
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 1995

NOTE 14 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

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

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Hulsey, Harwood & Hulsey

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S 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

We 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, 1995, and have issued our report thereon dated March 22, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the Lincoln Parish Fire Protection District No. 1 for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we 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.

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

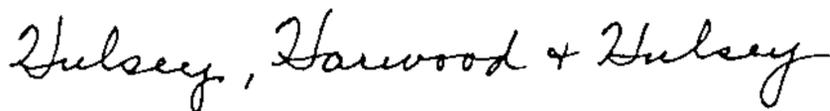
- Revenues/receipts
- Purchasing/disbursements
- Budgeting and budget reporting

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

Our 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. We noted no matters involving the internal control structure and its operation that we 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.

HULSEY, HARWOOD AND HULSEY, CPA's
A Professional Accounting Corporation



March 22, 1996



Hulseley, Harwood & Hulseley

A Professional Accounting Corporation

Certified Public Accountants

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

We 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, 1995, and have issued our report thereon dated March 22, 1996.

We conducted our 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". Those standards and OMB Circular A-128 require that we 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, we 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 our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our 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 our attention that caused us to believe that the Lincoln Parish Fire Protection District No. 1, had not complied, in all material respects, with those provisions.

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 distribution is not limited.

HULSEY, HARWOOD AND HULSEY, CPA's
A Professional Accounting Corporation

Hulseley, Harwood, & Hulseley
March 22, 1996