

**NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
FINANCIAL STATEMENTS
DECEMBER 31, 2002**

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
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DECEMBER 31, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

HINES, JACKSON & HINES, L.L.C.

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
North Sabine Fire Protection District
Zwolle, Louisiana

We have audited the accompanying general purpose financial statements of the North Sabine Fire Protection District, Zwolle, Louisiana, a component unit of the Sabine Parish Police Jury, Louisiana, as of and for the year ended December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the management of the North Sabine Fire Protection District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the North Sabine Fire Protection District, Zwolle, Louisiana, as of December 31, 2002, 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, we have also issued a report dated February 24, 2003, on our consideration of the North Sabine Fire Protection District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the North Sabine Fire Protection District, Zwolle, Louisiana, a component unit of the Sabine Parish Police Jury, taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Hines, Jackson & Hines

Natchitoches, Louisiana
February 24, 2003

COMBINED STATEMENTS - OVERVIEW

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<u>Governmental</u> <u>Fund Types</u>	<u>Account Group</u> <u>General</u> <u>Fixed Assets</u> <u>Account Group</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>		
ASSETS			
Cash	\$ 212,090	\$ 0	\$ 212,090
Receivables			
Ad valorem taxes	170,392	0	170,392
Land	0	41,967	41,967
Buildings	0	299,973	299,973
Equipment	<u>0</u>	<u>1,232,935</u>	<u>1,232,935</u>
Total Assets	<u>\$ 382,482</u>	<u>\$ 1,574,875</u>	<u>\$ 1,957,357</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 3,324	\$ 0	\$ 3,324
Accrued liabilities	482	0	482
Deductions from ad valorem taxes - retirement system	<u>7,404</u>	<u>0</u>	<u>7,404</u>
Total Liabilities	11,210	0	11,210
Fund Equity			
Investment in general fixed assets	0	1,574,875	1,574,875
Fund balance, unreserved	<u>371,272</u>	<u>0</u>	<u>371,272</u>
Total Fund Equity	<u>371,272</u>	<u>1,574,875</u>	<u>1,946,147</u>
Total Liabilities and Fund Equity	<u>\$ 382,482</u>	<u>\$ 1,574,875</u>	<u>\$ 1,957,357</u>

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES - GENERAL FUND
YEAR ENDED DECEMBER 31, 2002

REVENUES	
Taxes	\$ 202,513
State revenue sharing	29,016
Fire insurance rebate	20,973
Interest income	3,795
Rental income	<u>3,000</u>
Total Revenues	259,297
EXPENDITURES	
Personal services and related benefits	14,928
Professional services	3,773
Operating services	79,544
Supplies	11,876
Capital Outlay	<u>111,302</u>
Total Expenditures	<u>221,423</u>
Excess of Revenues Over/(Under) Expenditures	37,874
FUND BALANCE, Beginning of year	<u>333,398</u>
FUND BALANCE, End of year	<u>\$ 371,272</u>

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND TYPES - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Fav./((Unfav.)</u>
Revenues			
Taxes	\$ 185,000	\$ 202,513	\$ 17,513
State revenue sharing	18,000	29,016	11,016
Fire insurance rebate	18,000	20,973	2,973
Interest income	6,000	3,795	(2,205)
Rental income	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Revenues	230,000	259,297	29,297
Expenditures			
Personal services and related benefits	15,160	14,928	232
Professional services	4,100	3,773	327
Operating services	90,540	79,544	10,996
Supplies	11,200	11,876	(676)
Capital outlay	<u>109,000</u>	<u>111,302</u>	<u>(2,302)</u>
Total Expenditures	<u>230,000</u>	<u>221,423</u>	<u>8,577</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ 0</u>	37,874	<u>\$ 37,874</u>
FUND BALANCE, Beginning of year		<u>333,398</u>	
FUND BALANCE, End of year		<u>\$ 371,272</u>	

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The North Sabine Fire Protection District, is a body created by the Sabine Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, for the purpose of providing fire protection within the District. The District is governed by a board of six commissioners appointed by the Police Jury, Town of Zwolle, Village of Converse, Village of Pleasant Hill and Village of Noble.

The accounting and reporting policies of the North Sabine Fire Protection District conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements set forth in the Louisiana Governmental Audit Guide and to Louisiana Revised Statute 24:517, and to the industry audit guide, Audits of State and Local Governmental Units.

A. Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the Sabine Parish Police Jury is the financial reporting entity for Sabine Parish. The financial reporting entity consists of a) the primary government (police jury), b) organizations for which the primary government is financially accountable, and c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Sabine Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a) The ability of the police jury to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits or burdens on the police jury.
2. Organizations for which the police jury does not appoint voting majority but were fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because of the nature and significance of the services provided to North Sabine Fire Protection District, the reporting entity financial statements would be misleading if data of the Fire Protection District was not included. 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.

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

The accounts of the Fire Protection District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions and activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are grouped in this report into one generic fund type, one broad fund category and one account group as follows:

Governmental Funds - Funds through which most governmental functions are typically financed. The funds included in this category are as follows:

General Fund - the general fund is the general operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Account Groups - An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

General Fixed Assets Account Group - This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund.

C. General Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their 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 governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets. All fixed assets are valued at cost.

The fixed assets account group is not a "fund". It is concerned only with the measurement of financial position, not with measurement of results of operations.

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses 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. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes, 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 ensuing year. State revenue sharing is recognized as income when it is received by the District. Interest and miscellaneous income are recorded when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

E. Cash

Consistent with GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting", the Fire Protection District defines cash as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

F. Accounts Receivable

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

G. Bad Debts

Uncollectible ad valorem taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2002, \$0 were considered to be uncollectible.

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

I. Total Columns on Combined Statements

Total columns on the combined financial 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, results of operations, or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. Compensated Absences

The Fire Protection District has no full time employees; Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

K. Budgets and Budgetary Accounting

The Fire Protection District is required by the Louisiana Local Government Budget Act (LSA-R.S. 1301-1314) to adopt an annual budget. An annual budget is adopted each year and amended as required. Formal budgetary accounting is employed as a management control.

L. Use of Estimates

The presentation 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.

M. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

NOTE 2 AD VALOREM TAXES

Ad valorem taxes, assessed on the calendar year basis, become due November 15, become delinquent on December 31, and attach as an enforceable lien on property as of January 1 of the following year. Taxes are levied and billed by the Sabine Parish Sheriff. The Sabine Parish Sheriff bills and collects property taxes for the District using the assessed values determined by the tax assessor of Sabine Parish.

For the year ended December 31, 2002, taxes of 10.42 mills were levied on property with assessed valuations totaling \$20,145,520. Total taxes levied for the year were \$209,916.

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2002

NOTE 3 CASH AND TIME DEPOSITS

At December 31, 2002, the District had cash totaling \$212,090 as follows:

Demand deposits	\$ 1,745
Interest bearing demand deposits	110,034
Time Deposits - original maturity 90 days or less	<u>100,311</u>
Total	<u><u>\$ 212,090</u></u>

Under state law, these deposits 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 federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. As of December 31, 2002, the District had \$214,200 in bank deposits. These deposits were secured from risk by \$203,854 of federal deposit insurance and \$361,974 (market value) of pledged securities held by the custodial banks in the name of the fiscal agent (GASB category 3).

NOTE 4 CHANGES IN GENERAL FIXED ASSETS

	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002
Land	\$ 41,967	\$ 0	\$ 0	\$ 41,967
Buildings	261,058	38,915	0	299,973
Equipment	<u>1,160,548</u>	<u>72,387</u>	<u>0</u>	<u>1,232,935</u>
Total	<u><u>\$ 1,463,573</u></u>	<u><u>\$ 111,302</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,574,875</u></u>

NOTE 5 DEDICATION OF PROCEEDS AND FLOW OF FUNDS

10.42 Mill Ad Valorem Taxes

Proceeds of the 10.42 mills tax is dedicated for the purpose of maintaining and operating fire protection facilities, for purchasing fire trucks and other fire fighting equipment, for paying the cost of obtaining water for fire protection purposes, and for the salaries of firemen.

NOTE 6 LEASES

The North Sabine Fire Protection District, was not obligated under any capital or operating lease commitments at December 31, 2002.

NOTE 7 LITIGATION

The North Sabine Fire Protection District is involved in one lawsuits as of the close of business on December 31, 2002. Although the outcome of this lawsuits is not determinable at this stage of the proceedings, the potential losses not covered by applicable insurance is not considered to be significant in relation to the District's overall financial condition.

SUPPLEMENTARY INFORMATION

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
DECEMBER 31, 2002

Ellzy Anderson	\$	240
Albert Ezernack		360
Jerry McDonald		390
Gary Rivers, President		390
Jim Veuleman		360
Doug Williams		<u>270</u>
Total	\$	<u>2,010</u>

The schedule of compensation paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

In accordance with Louisiana Revised Statute 40:1498, members, including police jurors serving ex-officio, may be paid per diem of \$30 for attending board meetings, not to exceed two meetings in one calendar month.

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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
North Sabine Fire Protection District
Zwolle, Louisiana

We have audited the general purpose financial statements of the North Sabine Fire Protection District, Zwolle, Louisiana, as of and for the year ended December 31, 2002, and have issued our report thereon dated February 24, 2003. We conducted our 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 the North Sabine Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Sabine Fire Protection District internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the North Sabine Fire Protection District and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties.

Hines, Jackson & Hines

Natchitoches, Louisiana
February 24, 2003

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

<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>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

NORTH SABINE FIRE PROTECTION DISTRICT
ZWOLLE, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.