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WEBSTER PARISH FIRE PROTECTION DISTRICT

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COMPONENT UNIT FINANCIAL STATEMENTS
December 31, 1999

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 8-30-00

Jim H. Stevens, Jr. & Company, L.L.P.
Certified Public Accountants
Springhill, Louisiana

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Webster Parish Fire Protection District No. 11
Springhill, Louisiana

We have audited the accompanying component unit financial statements of Webster Parish Fire Protection District No. 11, a component unit of the Webster Parish Police Jury, as of and for the year ended December 31, 1999, as listed in the table of contents. These component unit financial statements are the responsibility of the Webster Parish Fire Protection District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Webster Parish Fire Protection District No. 11, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2000 on our consideration of Webster Parish Fire Protection District No. 11 internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.


Certified Public Accountants

June 19, 2000

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1999

	<u>Governmental Fund</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>December 31, 1999</u>
Assets and Other Debits:				
Cash	64,187			64,187
Accounts receivable:				
City of Springhill	9,614			9,614
Service fees - net of allowance for uncollectible accounts-\$1,500.	--			--
Other Governments	2,550			2,550
Interest	38			38
Fixed assets		612,225		612,225
Other debits:				
Amount to be provided for certificate of indebtedness and for capital lease				
Total assets and other debits	<u>76,389</u>	<u>612,225</u>		<u>688,614</u>
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts payable	214,922			214,922
Accrued Expenses	1,636			1,636
Capital lease				
Total liabilities	<u>216,558</u>			<u>216,558</u>
Equity and other credits:				
Investment in general fixed assets		612,225		612,225
Fund balance - unreserved:				
Designated - purchase of fire truck	15,816			15,816
Undesignated	(155,985)			(155,985)
Total equity and other credits	<u>(140,169)</u>	<u>612,225</u>		<u>472,056</u>
Total liabilities, equity and other credits	<u>76,389</u>	<u>612,225</u>		<u>688,614</u>

See accompanying notes to the financial statements.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type For the Year Ended December 31, 1999

	<u>General</u>
Revenues:	
Fire and rescue service fees	127,028
Fire insurance premium rebate	12,239
Intergovernmental revenues:	
Webster Parish Police Jury	2,850
United States Department of Agriculture	540
Contributions	2,660
Miscellaneous	528
Interest Income	2,374
Total revenues	<u>148,219</u>
Expenditures:	
Current:	
General government	107,910
Capital outlay:	
Current expenditures	242,137
Debt service:	
Principal	32,306
Interest	2,372
Total expenditures	<u>384,725</u>
Excess (deficiency) of revenues over (under) expenditures	(236,506)
Fund balance at beginning of year	<u>96,337</u>
Fund balance at end of year	<u><u>(140,169)</u></u>

See accompanying notes to the financial statements.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund For the Year Ended December 31, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fire and rescue service fees	127,141	127,028	(113)
Fire insurance premium rebate	12,239	12,239	
Intergovernmental revenues:			
Webster Parish Police Jury	2,400	2,850	450
United States Department of Agriculture	3,040	540	(2,500)
Contributions	463	2,660	2,197
Miscellaneous	(105)	528	633
Interest	1,937	2,374	437
Total revenues	147,115	148,219	1,104
 Expenditures:			
Current:			
General government	96,408	107,910	(11,502)
Capital outlay:			
Current expenditures	242,928	242,137	791
Debt Service:			
Principal		32,306	(32,306)
Interest		2,372	(2,372)
Total expenditures	339,336	384,725	(45,389)
Excess (deficiency) of revenues over (under) expenditures	(192,221)	(236,506)	(44,285)
Fund balance at beginning of year	192,221	96,337	(95,884)
Fund balance at end of year	(140,169)	(140,169)	(140,169)

See accompanying notes to the financial statements.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements
December 31, 1999

The Webster Parish Fire Protection District No. 11 (the District) was created by the Webster Parish Police Jury by resolution on June 4, 1991, as provided under Louisiana Revised Statutes 40:1491 through 40:1501. The District is governed by a Board of Commissioners: two members appointed by the Webster Parish Police Jury, two members appointed by the Mayor and Board of Aldermen of the City of Springhill, Louisiana, and one member appointed by the other four members. The purpose of the District is to provide fire protection and emergency services to residents of the District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying component unit financial statements of Webster Parish Fire Protection District No. 11 have been prepared in conformity with generally accepted accounting principles 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. The following is a summary of the more significant accounting policies:

Reporting Entity. These component unit financial statements include all funds and account groups over which the District exercises control, authority, management, influence or accountability. Control by or influence over the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of the governing body, and general oversight responsibility.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Webster 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,
2. The ability of the police jury to impose its will on that organization, and
3. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

Because the police jury meets the above criteria, the District was determined to be a component unit of the Webster Parish Police Jury, the financial reporting entity. The accompanying component unit financial statements present information only on the funds and account groups 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.

Fund Accounting. The District uses a fund (General Fund) and account groups to report on its financial position and the results of its operation. The operations of the fund is accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The account groups, on the other hand, are financial reporting devices designed to provide accountability for certain assets that are not recorded in the fund because they do not directly affect net expendable available financial resources and to provide accountability for long-term liabilities to be financed from the general fund. The fund (General Fund) is classified as a governmental fund. Governmental funds account for the 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 and all operating activities.

(continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fixed Assets and Long-term Liabilities. The accounting and reporting treatment applied to the fixed assets and long-term debt associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type organizations (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 stated at historical cost, or estimated cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

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

Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both 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. Expenditures are recorded when the related fund liability is incurred.

Use of Estimates. The preparation of financial statements generally 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 financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgets. A budget for the ensuing year is prepared by the district chairman and treasurer and approved by the Board of Commissioners prior to December 31, of each year during the Board's regular December meeting. The proposed budget is prepared on the modified accrual basis of accounting. The budget is legally adopted and amended, as necessary, by the Board of Commissioners. The Board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year-end and must be reappropriated in the next year's budget to be expended. The budget was amended in 1999.

Compensated Absences and Pension Plan. The District has one full-time employee. The District does not contribute to a pension plan. The employee accrues one-week vacation per year. There is no sick leave policy.

(continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Bad Debts. Fire service fees, which are billed and collected by the City of Springhill from utility customers, are recorded at amounts received from the City, which are net of any losses from bad debts. Such amounts would not be material to the financial statements.

An allowance for doubtful accounts has been established for those fees billed to residents of the District, which are not city utility customers and are estimated by management to be uncollectible. The allowance is \$1,500 at December 31, 1999.

Total Columns on Combined Statements. Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

2. CASH:

The carrying amount of the District's cash deposits total \$64,187, and the bank balance is \$100,218 at December 31, 1999. The deposits are in interest bearing demand deposits and savings accounts, and certificates of deposit.

Under state law, the deposits and the certificates of deposit 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. The District has total deposits of \$100,218 at December 31, 1999.

The District's deposits are categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes deposits that are insured or registered or for which securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counter-party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counter-party, or by its trust department or agent, but not in the District's name.

Collateral Description	1	2	3	Carrying Value	Market Value
FDIC Insurance	100,000			100,000	100,000
Louisiana Municipal Bond			218	218	61,231
Totals	<u>100,000</u>		<u>218</u>	<u>100,218</u>	<u>161,231</u>

3. DESIGNATED FUND BALANCE:

The Board of Commissioners has designated all revenues from the Welcome Fire District for the purchase of a new fire truck.

(continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements
December 31, 1999

4. FIRE SERVICE CHARGES:

On October 19, 1992, the Board of Commissioners passed a resolution in accordance with Louisiana Revised Statute 40:1507 to assess a service charge in the amount of \$4.00 per month to all households within the District for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities and equipment. The service charge is billed and collected by the City of Springhill, Louisiana from all city utility customers and billed and collected by the District from those residents of the District who are not on city water. A fee of \$250.00 per response unit is charged for any calls to non-members of the District.

On January 10, 1996, the Board of Commissioners passed a resolution to enter into an agreement with the Welcome - South Columbia County, Arkansas Fire District (WSCC) to provide fire protection services to residents of the WSCC District. Fees for members of the WSCC District are collected and paid by the WSCC District at the rate of \$4.00 per month. A fee of \$250.00 per response unit is charged for any calls to non-members of the District.

5. CHANGES IN GENERAL FIXED ASSETS:

The changes in general fixed assets are as follows:

	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
Land		4,500		4,500
Land Improvements		2,710		2,710
Equipment	133,197	6,300		139,497
Vehicles	236,890	228,628		465,518
Total	370,087	242,138		612,225

6. PER DIEM PAID TO BOARD MEMBERS AND RELATED PARTY TRANSACTIONS:

Webster Parish Fire Protection District No. 11 has a voluntary board; therefore, no per diem amounts were paid during this period. David Camp receives a salary for serving the District as fire chief and secretary/treasurer. Board members are reimbursed for expenses paid for the District out of personal funds. In addition, board members who also serve as firemen are paid a per diem, which is the same for all the firemen, for fires and emergency calls actually attended for the year. A summary of these expenditures is as follows:

	Salary	Reimbursed Expenses	Calls
Ernest Edwards	-	-	873
David Camp	26,630	-	1,783
Scott Park	-	11	-
Scott Hinsch	-	-	-
Jonathon Washington	-	-	-
Eric Simmons	-	-	-

(continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements
December 31, 1999

7. LONG-TERM DEBT AND LEASING ARRANGEMENTS:

Capital Lease:

The District records items under capital leases as assets and obligations in the accompanying financial statements.

Changes in Long-term Debt:

The following is a summary of changes in long-term debt from capital leases for the year ended December 31, 1999:

	Balance January 1,	Principal Payments	Balance December 31,
Capital lease	32,306	32,306	
Total	32,306	32,306	

Operating Lease:

The District entered into a five-year operating lease effective January 1, 1993, and subsequently renewed effective January 1, 1999, with the City of Springhill, Louisiana, for two fire station buildings and various vehicles and equipment. The current year expenditure under the lease is \$2.

Minimum annual commitments under the lease are as follows:

2000	2
2001	2
2002	2
2003	2
Total	8

8. FEDERAL FINANCIAL ASSISTANCE:

During the year, the District applied for and received a grant from the United States Department of Agriculture, Forestry Service through the Louisiana Department of Agriculture and Forestry. The grant totaling \$540 was matched with \$540 in district funds and the funds expended for equipment in accordance with the requirements of the grantor.

(continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements
December 31, 1999

9. COMMITMENTS AND CONTINGENT LIABILITIES AND DEFICIT FUND BALANCE:

During 1999, the Fire District committed to the purchase of a new fire truck, to be financed by certificates of indebtedness upon delivery in January 2000. The District was able to take possession of the truck in November 1999 with payment not due until January 2000, when the proceeds were received for the certificates of indebtedness. The recording of the capital outlay in 1999, prior to receipt of the debt proceeds, created a fund deficit. In January 2000, the deficit was corrected by recording the receipt of the loan proceeds.

The Fire District is a party to various legal actions normally associated with governmental entities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the Fire District.

10. SUBSEQUENT EVENTS, CONTINGENCY, YEAR 2000 COMPUTER GLITCH:

Management is aware of the Year 2000 Computer Problem (Y2K) and has taken the following steps:

- A. Assessment of the computer hardware indicates the computer is Y2K compatible.
- B. Accounting software has been installed in 1999 at a cost of \$250, which is Y2K compliant.

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

Members of the Board of Commissioners
Webster Parish Fire Protection District No. 11
Springhill, Louisiana

We have audited the component unit financial statements of Webster Parish Fire Protection District No. 11, a component unit of the Webster Parish Police Jury, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Webster Parish Fire Protection District No. 11'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 two instances of noncompliance that are required to be reported under *Government Auditing Standards*. The two items of noncompliance are described in the accompanying schedule of findings and questioned costs as items 99-2 and 99-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Webster Parish Fire Protection District No. 11's 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. However, we noted three (3) matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Webster Parish Fire Protection District No. 11's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions noted are described in the accompanying schedule of findings and questioned costs as items 98-1, 99-2 and 99-3.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described in the schedule of findings and questioned costs as item 99-1 is a material weakness.

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

John H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

June 19, 2000

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Schedule of Findings and Questioned Costs
December 31, 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of Report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Reportable conditions identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statement noted	Yes

Federal Awards

Not applicable

Section II - Financial Statement Findings

99-1:

Condition:	As reported in the past, due to the small size of the district and the related economic and space limitations, the majority of all accounting functions are performed by one person.
Recommendation:	We make no recommendation to correct this situation at this time because of economic limitations.
Management's Corrective Action Plan:	The board recognizes this problem and tries to stay involved in daily activities as much as possible. The board reviews all cash disbursements monthly.

99-2:

Condition:	The Fire District is in violation of LSA-R.S. 39:1310. The budgeted expenditures have been exceeded by more than 5%.
Recommendation:	We recommend that management and the board utilize the budget as a financial tool and that expenditures not be made or accrued unless properly budgeted.
Management's Corrective Action Plan:	We concur with the finding and the recommendation. Management and this board plan to operate in accordance with our properly approved budget as amended from time to time.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Schedule of Findings and Questioned Costs December 31, 1999

Section II - Financial Statement Findings (continued)

99-3:

Condition:

The Fire District is in violation of LSA-R.S. 39:1304. The budget in its final amended form records proposed expenditures in excess of the total estimated funds available for 1999.

Recommendation:

We recommend that coordination of capital outlays and corresponding proceeds of indebtedness always be handled in such a manner that the District does not violate the budget laws.

Management's Corrective
Action Plan:

This was due to a condition which we could not anticipate happening. A fire truck which we ordered in 1999 for delivery in 2000 was received in late November 1999. At that time we amended our budget to show the accrual of the capital outlay, but the proceeds from the certificates of indebtedness was not received until January 5, 2000. We did not accrue or budget the loan proceeds because the original commitment was not to be fulfilled until January 2000.

Section III - Federal Award Findings and Questioned Costs

Not applicable