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**Benton Fire District No. 4
Benton, Louisiana**

General Purpose Financial Statements

As of and for the Year Ended 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, where appropriate, at the office of the parish clerk of court.

Release Date JUL 19 2000

Benton Fire District No. 4
Benton, Louisiana

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COOK & MOREHART

Certified Public Accountants

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Independent Auditors' Report

Board of Commissioners
Benton Fire District No. 4
Benton, Louisiana 71006

We have audited the general purpose financial statements of the Benton Fire District No. 4 (the District), a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Benton Fire District No. 4's management. Our responsibility is to express an opinion on these general purpose 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 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 general purpose 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 Benton Fire District No. 4, 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 13, 2000 on our consideration of Benton Fire District No. 4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



Cook & Morehart
Certified Public Accountants
June 13, 2000

Benton Fire District No. 4
 Benton, Louisiana
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1999

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General	Debt Service	General Fixed Assets	General Long-Term Debt	
Assets and Other Debits					
Cash and cash equivalents	\$ 444,951	\$ 305,675	\$	\$	\$ 750,626
Receivables - ad valorem taxes	526,100	118,391			644,491
Land			15,450		15,450
Buildings			353,816		353,816
Equipment			1,495,150		1,495,150
Amount available in debt service funds				420,537	420,537
Amount to be provided for retirement of general long-term debt				844,363	844,363
Total assets and other debits	\$ 971,051	\$ 424,066	\$ 1,864,416	\$ 1,264,900	\$ 4,524,433
Liabilities and Fund Equity					
Liabilities:					
Accounts payable	\$ 15,683	\$ 3,529	\$	\$	\$ 19,212
General obligation bonds payable				1,015,000	1,015,000
Capital lease obligation				249,900	249,900
Total liabilities	15,683	3,529		1,264,900	1,284,112
Fund equity:					
Investment in general fixed assets			1,864,416		1,864,416
Fund balances -					
Reserved for debt service		420,537			420,537
Unreserved, designated	955,368				955,368
Total fund equity	955,368	420,537	1,864,416		3,240,321
Total liabilities and fund equity	\$ 971,051	\$ 424,066	\$ 1,864,416	\$ 1,264,900	\$ 4,524,433

The accompanying notes are an integral part of this statement.

Benton Fire District No. 4
 Benton, Louisiana
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types
 For the Year Ended December 31, 1999

	General	Debt Service	Total (Memorandum Only)
Revenues:			
Ad valorem taxes	\$ 503,431	\$ 111,166	\$ 614,597
Intergovernmental-fire insurance rebate	14,759		14,759
Interest Income	26,843	16,602	43,445
Other	27,345		27,345
Total revenues	572,378	127,768	700,146
Expenditures:			
Current -			
General government	15,683	3,843	19,526
Public Safety	353,722		353,722
Capital outlay	290,565		290,565
Debt service:			
Principal retirement		65,000	65,000
Interest and fiscal charges		73,153	73,153
Paying agent fee		611	611
Total expenditures	659,970	142,607	802,577
Excess of revenues over expenditures	(87,592)	(14,839)	(102,431)
Other financing sources -			
Proceeds from capital lease	249,900		249,900
Excess (deficiency) of revenues and other financing sources over expenditures	162,308	(14,839)	147,469
Fund balances at beginning of year	793,060	435,376	1,228,436
Fund balances at end of year	\$ 955,368	\$ 420,537	\$ 1,375,905

The accompanying notes are an integral part of this statement.

Benton Fire District No. 4
 Benton, Louisiana
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget (Cash Basis) and Actual - All Governmental Fund Types
 For the Year Ended December 31, 1999

	General Fund		
	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ 475,230	\$ 477,616	\$ 2,386
Intergovernmental fire insurance rebate	13,000	14,759	1,759
Interest income	9,000	26,842	17,842
Other		27,345	27,345
Total revenues	<u>497,230</u>	<u>546,562</u>	<u>49,332</u>
Expenditures:			
General government	16,008	14,858	1,150
Public Safety	620,646	353,722	266,924
Capital outlay	140,576	40,665	99,911
Debt service:			
Principal retirement			
Interest and fiscal charges			
Paying agent fee			
Total expenditures	<u>777,230</u>	<u>409,245</u>	<u>367,985</u>
Excess of revenues over (under) expenditures	(280,000)	137,317	417,317
Fund balances at beginning of year	<u>280,000</u>	<u>307,634</u>	<u>27,634</u>
Fund balances at end of year	<u>\$</u>	<u>\$ 444,951</u>	<u>\$ 444,951</u>

The accompanying notes are an integral part of this statement.

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 1999

(1) Summary of Significant Accounting Policies

The Benton Fire District No. 4 (the District) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on November 10, 1987 by ordinance number 2096. The District is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury, the Town of Benton, and by the commissioners themselves. The Board of Commissioners received no compensation during 1999. The District is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

A. Basis of Presentation

The accompanying general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

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

C. Fund Accounting

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

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

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 1999
(Continued)

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

1. **General Fund** –the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds; primary funding is provided by an ad valorem tax approved by voters of the district, state fire insurance rebates, and interest earnings on investments.
2. **Debt Service Fund** –accounts for transactions relating to resources retained and used for the payment of principal, interest, and other related costs on those long-term obligations recorded in the general long-term debt account group; funding is provided by an ad valorem tax and interest earnings on investments.
3. **General Fixed Assets Account Group** –used to account for fixed assets used in governmental fund type operations for control purposes.
4. **General Long-Term Debt Account Group** –used to account for long-term liabilities to be financed from government funds.

D. Basis of Accounting

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

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 1999
(Continued)

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January and February of the current year.

Other intergovernmental revenues are recorded when the district is entitled to the funds. Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Expenditures

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

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the paid firefighter prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. *The budget is adopted on a cash basis for all funds. The original budget was amended seven times during 1999. Those amendments are reflected in the budgetary comparisons included in the accompanying financial statements.*

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all subsequent amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on page 4 (budget basis) with the amounts shown on page 3 (GAAP basis):

	General Fund
Excess of revenues and other sources over (under) expenditures and other uses (budget basis)	\$ 137,317
Adjustments:	
Revenue accruals – net	25,815
Expenditure accruals – net	(824)
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	\$ 162,308

F. Encumbrances

Encumbrance accounting is employed as an extension of the formal budgetary process. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Any encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. There were no encumbrances outstanding at December 31, 1999.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 1999
(Continued)

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Fixed Assets

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value at date of donation.

I. Compensated Absences

Full-time employees of the district earn 10 days of vacation leave each year. Vacation leave does not accumulate or vest.

Full-time employees are also eligible to earn 10 days of sick leave each year. Sick leave is allowed to accumulate without limit; however, a maximum of thirty (30) sick days may be used per year. Any additional sick leave must be approved by the Board. Unused sick leave upon separation of employment is not paid.

At December 31, 1999, employee leave benefits requiring recognition were determined to be immaterial and are not included within the general long-term obligations account group. The cost of leave privileges, computed in accordance with the above codification, is recognized as a current-year expenditure within the various funds when leave is actually taken.

J. Long-Term Obligations

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

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

K. Total Columns on Statements

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

L. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	10.00	10.00	2007
Operating	10.00	10.00	2007
Debt Service	variable	4.50	2008

(3) Cash and Cash Equivalents

At December 31, 1999, the district has cash and cash equivalents (book balances) totaling \$750,626 as follows:

Petty Cash	\$ 150
Demand Deposits	7,485
Money Market Accounts	570,566
Certificates of Deposit	172,425
Total	<u>\$750,626</u>

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

The deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999, the district had \$763,531 in deposits (collected bank balances). These deposits are secured from risk by \$208,540 of federal deposit insurance and \$531,910 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$23,081 was not secured.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

(4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance 12-31-98	Additions	Retirements	Balance 12-31-99
Land	\$ 15,450	\$ -	\$ -	\$ 15,450
Buildings	353,816	-	-	353,816
Equipment	1,208,058	290,565	(3,473)	1,495,150
	<u>1,577,324</u>	<u>290,565</u>	<u>(3,473)</u>	<u>1,864,416</u>
Total general fixed assets	<u>\$ 1,577,324</u>	<u>\$ 290,565</u>	<u>\$ (3,473)</u>	<u>\$ 1,864,416</u>

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 1999
(Continued)

(5) Pension Plan

Certain employees of the District are members of the Louisiana Firefighters Retirement System (System), a cost-sharing multi-employer, defined benefit pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third per cent of their final-average salary for each year of credible service, not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Plan members are required by state statute to contribute 8.0 per cent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 9.0 per cent of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 1999, 1998, and 1997 were \$7,679, \$2,728, and \$2,374, respectively, equal to the required contributions for each year.

Other employees of the district who are not eligible to participate in the Firefighters' Retirement System are members of the Social Security System.

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

During 1999, the District participated in a deferred compensation plan in accordance with the Internal Revenue Code Section 457 (Section 457 Plan). Under Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, plans that meet the criteria in NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, should be reported as an expendable trust fund in the financial statements of the government. Because the District's Section 457 Plan does not meet this criteria, the balances in assets and liabilities were not presented in the financial statements of the District. The District's contribution to the Section 457 Plan was \$3,592 for the year ended December 31, 1999.

(6) Leases

For the year ended December 31, 1999, the district had two operating leases on certain properties that are utilized by the district. Lease payments on these two leases for the year ended December 31, 1999 were \$600. The minimum annual commitments under noncancelable operating leases are as follows:

Year Ending <u>December 31,</u>	
2000	\$ 600
2001	600
2002	600
2003	600
2004	600
2005 and after	16,000
	<u>\$ 19,000</u>

(7) Changes in General Long-Term Debt

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

	<u>Balance 12-31-98</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12-31-99</u>
General Obligation Bonds	\$ 1,080,000	\$ -	\$ 65,000	\$ 1,015,000
Capital Lease Obligation	<u>-</u>	<u>249,900</u>	<u>-</u>	<u>249,900</u>
Totals	<u>\$ 1,080,000</u>	<u>\$ 249,900</u>	<u>\$ 65,000</u>	<u>\$ 1,264,900</u>

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 1999
 (Continued)

Bonds payable at December 31, 1999 are comprised of the following individual issue:

General obligation bonds –
 \$1,500,000 – 1990 bonds for acquisition of buildings, machinery, and equipment due in annual installments of \$30,000 to \$140,000 through July 1, 2009; interest rates of 7.00 to 11.00 percent. The debt redemption is paid from the Debt Service Fund. At December 31, 1999 the amount of funds available to service the General Obligation bonds is \$420,537 \$ 1,015,000

Capital Lease Obligation at December 31, 1999 is comprised of the following agreement:

Agreement dated April 1, 1999 for the lease-purchase of one ladder truck totaling \$249,900; due in 10 annual payments of \$33,206.44; effective interest rate of approximately 6.67% \$ 249,900

Total \$ 1,264,900

The annual requirements to amortize all bonds and lease obligations outstanding at December 31, 1999, including interest of \$400,134 and \$82,164, respectively, are as follows:

<u>Year Ending December 31</u>	<u>Bonds</u>	<u>Capital Leases</u>	<u>Total</u>
2000	\$ 138,528	\$ 33,206	\$ 171,734
2001	138,506	33,206	171,712
2002	138,100	33,206	171,306
2003	142,150	33,206	175,356
2004	140,675	33,206	173,881
2005 -- 2009	<u>717,175</u>	<u>166,034</u>	<u>883,209</u>
	<u>\$ 1,415,134</u>	<u>\$ 332,064</u>	<u>\$ 1,747,198</u>

(8) Risk Management

The District purchases commercial insurance to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

COOK & MOREHART

Certified Public Accountants

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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
Benton Fire District No. 4

We have audited the component unit financial statements of Benton Fire District No. 4 as of and for the year ended December 31, 1999, and have issued our report thereon dated June 13, 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 Benton Fire District No. 4'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, as described below.

Compliance Finding No. 99-1

The Districts had uninsured cash balances at December 31, 1999, of \$23,081.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Benton Fire District No. 4'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. 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 management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style with a long horizontal stroke extending from the end of the word "Morehart".

Cook & Morehart
Certified Public Accountants
June 13, 2000

Benton Fire District No. 4
Benton, Louisiana
Summary Schedule of Audit Findings
December 31, 1999

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 1998.

Corrective Action Plan for Current Year Audit Findings

There are no management letter comments for the current year audit for the year ended December 31, 1999. There was one current year finding, as detailed below:

Reference No.:	Compliance Finding No. 99-1
Description of Finding:	The District had uninsured cash balances at December 31, 1999 of \$23,081.
Corrective Action Planned:	The District will monitor cash balances monthly at the financial institutions to ensure that all cash balances are insured.
Name of Contact Person:	Wanda Hardaway, Secretary
Anticipated Completion Date:	N/A