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COMPONENT UNIT FINANCIAL STATEMENTS

December 31, 1997

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: AUG 12 1998

# 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, 1997, 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 aspects, the financial position of Webster Parish Fire Protection District No. 11, as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds 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 25, 1998 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 25, 1998

**WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11**

Consolidated Balance Sheet - All Fund Types and Account Groups  
December 31, 1997

	Governmental	Account Groups		Total
	Fund	General	General	(Memorandum
	General	Fund	Long-term	Debit)
		Assets	Debt	December 31,
				1997
<b>Assets and Other Debits:</b>				
Cash	117,982			117,982
Accounts receivable:				
City of Springhill	8,289			8,289
Service fees - rat. of allowance for uncollectible accounts \$1,708	—			—
IRAP's	2,950			2,950
Fixed assets		353,666		353,666
Other debits:				
Amount to be credited by certificate of indebtedness and for capital lease			58,438	58,438
<b>Total assets and other debits</b>	<b>228,420</b>	<b>353,666</b>	<b>58,438</b>	<b>572,524</b>
<b>Liabilities, Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts payable	2,893			2,893
Capital lease			80,438	80,438
<b>Total liabilities</b>	<b>2,893</b>		<b>80,438</b>	<b>83,331</b>
<b>Equity and other credits:</b>				
Investment in general fixed assets		353,666		353,666
Fund balance - unrestricted:				
Designated - purchase of fire truck	7,814			7,814
Undesignated	118,792			118,792
<b>Total equity and other credits</b>	<b>126,606</b>	<b>353,666</b>		<b>480,272</b>
<b>Total liabilities, equity and other Credits</b>	<b>129,499</b>	<b>353,666</b>	<b>80,438</b>	<b>521,603</b>

See accompanying notes to 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, 1997

	<u>General</u>
<b>Revenues:</b>	
Pay and invoice service fees	129,511
Pay insurance (premium rebate)	11,085
Intergovernmental revenues:	
Webster Parish Police Jury	4,775
United States Department of Agriculture	488
Contributions	1,599
Miscellaneous	(914)
Interest	<u>2,320</u>
<b>Total revenues</b>	<u>148,333</u>
<b>Expenditures:</b>	
Current:	
General government	71,141
Capital outlay:	
Current expenditures	32,818
Debt service:	
Principal	30,508
Interest	<u>8,621</u>
<b>Total expenditures</b>	<u>143,088</u>
<b>Excess of revenues over expenditures</b>	<b>5,245</b>
Fund balance at beginning of year	<u>103,590</u>
Fund balance at end of year	<u>118,835</u>

See accompanying notes to financial statements.

**WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11**

Statement of Revenues, Expenditures and Changes in Fund Balance -  
Budget (GAP Book) and Actual - General Fund  
For the Year Ended December 31, 1987

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fire and rescue fees	108,928	108,911	(17)
Fire insurance premium rebates	11,688	11,685	3
Intergovernmental revenues:			
Webster Parish Police-Jury	3,400	4,375	975
United States Department of Agriculture	675	485	(190)
Contributions		1,085	1,085
Miscellaneous		(854)	(854)
Interest		2,321	2,321
<b>Total revenues</b>	<u>143,873</u>	<u>148,338</u>	<u>4,465</u>
<b>Expenditures:</b>			
Current:			
General government	58,916	71,941	(13,025)
Capital outlay:			
Current expenditures	21,800	22,810	910
Debt Service:			
Principal		30,508	(30,508)
Interest	45,630	8,822	37,808
<b>Total expenditures</b>	<u>126,352</u>	<u>133,992</u>	<u>7,640</u>
Excess of revenues over expenditures	17,521	14,346	(3,175)
Fund balance at beginning of year	<u>183,908</u>	<u>193,986</u>	
Fund balance at end of year	<u>171,812</u>	<u>178,132</u>	<u>6,320</u>

See accompanying notes to financial statements.

## WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements  
December 31, 1997

The Webster Parish Fire Protection District No. 11 (the District) was created by the Webster Parish Police Jury by resolution on June 4, 1967, as provided under Louisiana Revised Statutes 40:1481 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, and one member appointed by the other four members. The purpose of the District is to provide the 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 criteria 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. The criteria include:

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 fund assets and the sinking of general long-term debt and all operating activities.

(Continued)

## WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

### Notes to Financial Statements

December 31, 1987

#### 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 type 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. 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 disclosures 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 1987.

**Compensated Absences and Pension Plan.** The District has only one part-time employee; therefore, it does not contribute to a pension plan and does not have a formal vacation or sick leave policy.

(Continued)



## WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements  
December 31, 1997

### 5. 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 expensed as amounts received from the City which are net of any losses from bad debts. Such amounts would not be included in 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 \$1,000 at December 31, 1997.

**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. Intended adjustments have not been made in the aggregation of this data, and it is, therefore, not comparable to a consolidation.

### 6. CASH:

The carrying amount of the District's cash deposits total \$317,880, and the bank balance is \$317,820 at December 31, 1997. The deposits are in an interest bearing demand deposit account.

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 stated value of the pledged securities plus the federal deposit insurance (if any) at all times equal the amount on deposit with the fiscal agent. The District has total deposits of \$317,820 at December 31, 1997.

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 counterpart'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 counterparty, 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	180,000			180,000	180,000
Webster Parish School District Bonds			50,000	50,000	50,000
Total	180,000		50,000	230,000	230,000

The bank disclosed the District was not sufficiently covered by FDIC insurance at December 31, 1996. This was covered by the pledge of \$80,000 in securities in January, 1996.

### 7. DESIGNATED FUND BALANCE:

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

(Continued)

## WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements  
December 31, 1987

### 4. FIRE SERVICE CHARGES:

On October 18, 1980, the Board of Commissioners passed a resolution in accordance with Louisiana Revised Statute 48:1507 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 15, 1985, the Board of Commissioners passed a resolution to enter into an agreement with the Webster - South Columbia County, Arkansas Fire District (WBCC) to provide fire protection services to residents of the WBCC District. Fees for members of the WBCC District are collected and paid by the WBCC 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, 1987	Additions	Deductions	Balance December 31, 1987
Equipment	89,282	21,802	4,000	115,179
Vehicles	48,921	917	-	49,838
Capital Lease - Vehicle	137,950	-	-	137,950
Total	376,153	22,719	4,000	404,872

### 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. One volunteer fireman receives a salary for serving the District as 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 fire and emergency calls actually attended for the year. A summary of these expenditures are as follows:

	Salary	Reimbursed Expenses	Costs
Crowl Edwards	-	-	482
David Camp	3,200	30	1,260
Scott Park	-	-	-
Scott Hines	-	-	-
Jonathan Washington	-	-	-
Jim Haygood	-	-	-

(Continued)

## WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements  
December 31, 1987

### 7. LONG-TERM DEBT:

#### Leases

The District records items under capital leases as assets and obligations in the accompanying financial statements. The following is a summary of future minimum lease payments at December 31, 1987:

1988		34,878
1989		34,878
2000		34,878
Total minimum lease payments		104,634
Less: amount representing interest		(13,598)
Present value of future minimum payments		91,036

The District entered into a five-year operating lease effective January 1, 1983, 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.

Subsequent to December 31, 1987, the District entered into a new five-year operating lease effective January 1, 1988, with the City of Springhill, Louisiana, for two fire station buildings and various vehicles and equipment. Minimum annual commitments under the lease are as follows:

1988		2
1989		2
2000		2
2001		2
2002		2
Total		10

#### Changes in Long-Term Debt:

The following is a summary of changes in long-term debt for the year ended December 31, 1987:

	Balance January 1,	Principal Payments	Balance December 31,
Capital lease	118,598	28,118	90,480
Contract of Indebtedness	4,420	4,403	1,017
	123,018	32,521	90,497

(Continued)

## WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

Notes to Financial Statements  
December 31, 1997

### A. 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 \$400 was matched with \$400 in district funds and the funds were expended for equipment in accordance with the requirements of the grantee.

### B. COMMITMENTS AND CONTINGENT LIABILITIES:

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.

# Jim H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

109 E. Church Street  
Springfield, Louisiana 71770

Jim H. Stevens, Jr., CPA  
DREW Smith, CPA  
Dwight L. Pugh, CPA

## 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  
Springfield, 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, 1997, and have issued our report thereon dated June 25, 1998. 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 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 Webster Parish Fire Protection District #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 one (1) matter involving the internal control over financial reporting and its operation that we considered to be a reportable condition. 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 #11's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition noted is described in the accompanying schedule of findings and questioned costs as item 97-1.

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 above is a material weakness.

This report is intended for the information of the Board of Examinations, 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.

  
Certified Public Accountants

June 25, 1998

# WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 11

## Schedule of Findings and Questioned Costs December 31, 1997

### 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?	None reported
Noncompliance material to financial statements noted	No

#### Enforceability

Not applicable

### Section II - Financial Statement Findings

#### 27.1.

Condition:	As reported in the CAFR, due to the small size of the district and the limited economic and repair activities, the majority of all accounting functions are performed by one person.
Recommendation:	The Board is recommended to correct this situation at the first instance of economic activities.
Management's response:	The Board recognizes the problem and tries to stay involved in daily activities as much as possible. The Board reviews all cash disbursements monthly.

### Section III - Federal Aided Findings and Questioned Costs

Not applicable