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DISTRICT SIX FIRE PROTECTION DISTRICT

PARISH OF EAST BATON ROUGE

BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

FOR

THE YEAR ENDED DECEMBER 31, 1998

**A COMPONENT UNIT OF THE
CONSOLIDATED GOVERNMENT OF THE CITY OF BATON ROUGE,
PARISH OF EAST BATON ROUGE**

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 APR 14 1999

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE**

**FINANCIAL STATEMENTS
DECEMBER 31, 1998
TABLE OF CONTENTS**

	PAGE
Independent Auditor's Reports	
Independent Auditor's Report	1
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Component Unit Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Component Unit Financial Statements	
Exhibit A Combined Balance Sheet-Governmental Fund Types and Account Groups	4
Exhibit B Combined Statement of Revenues, Expenditures, and Changes in Fund Balance- All Governmental Fund Types	5-6
Exhibit C Combined Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual (GAAP Basis) General and Special Revenue Fund Types	7-12
Notes to the Financial Statements	13-22
Supplemental Information Schedule:	
Summary Schedule of Prior Audit Findings	23

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INDEPENDENT AUDITOR'S REPORT

Mr. Chris Medine, Chairman
and Members of the Board of Commissioners
District Six Fire Protection District
7878 Prescott Road
Baton Rouge, Louisiana 70812

I have audited the accompanying general purpose financial statements and the combining, individual fund, and account group financial statements of District Six Fire Protection District (the "District"), a component unit of the Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge, as of and for the year ended December 31, 1998. These component unit financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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 general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of District Six Fire Protection District, as of December 31, 1998, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Also, in my opinion, the combining, individual fund, and account group financial statements, Exhibits B and C, present fairly, in all material respects, the financial position of each of the individual funds and individual account groups of the District at December 31, 1998, and the results of operations of such individual funds for the year then ended in conformity with generally accepted accounting principles.



Baton Rouge, Louisiana
March 24, 1999

ROY HEBERT
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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***

Mr. Chris Medine, Chairman
and Members of the Board of Commissioners
District Six Fire Protection District
7878 Prescott Road
Baton Rouge, Louisiana 70812

I have audited the general purpose financial statements of District Six Fire Protection District as of and for the year ended December 31, 1998, and have issued my report thereon dated March 24, 1999. I conducted my 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 District Six Fire Protection District's component unit financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered District Six Fire Protection District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. My 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 component unit 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the management of District Six Fire Protection District, the consolidated government of the City of Baton Rouge and Parish of East Baton Rouge, and the

Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record

A handwritten signature in black ink, appearing to be 'B. H. ...', written over a horizontal line.

Baton Rouge, Louisiana
March 24, 1999

EXHIBIT A
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED BALANCE SHEET
GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1998

	Governmental General Fund	Fund Types Special Revenue Fund	Account General Fixed Assets	Groups General Long- Term Debt	Totals (Memo Only)
ASSETS AND OTHER DEBITS					
Current assets:					
Cash	\$ 206,209	\$ 20,032	\$ -	\$ -	\$ 226,241
Certificates of deposit	111,753	-	-	-	111,753
Ad valorem taxes receivable	143,610	-	-	-	143,610
Fire protection service charges receivable	14,015	-	-	-	14,015
Due from other governmental units	294,987	-	-	-	294,987
Fixed assets:					
Land	-	-	43,000	-	43,000
Buildings	-	-	272,294	-	272,294
Equipment	-	-	498,363	-	498,363
Equipment under capital lease	-	-	278,011	-	278,011
Other debits:					
Amount to be provided for retirement of long-term debt	-	-	-	364,797	364,797
TOTAL ASSETS	\$ 770,574	\$ 20,032	\$ 1,091,668	\$ 364,797	\$ 2,247,071
LIABILITIES AND FUND EQUITY					
Current liabilities:					
Accounts payable	9,629	-	-	-	9,629
Payroll withholdings and accruals	6,049	122	-	-	6,171
Long-term liabilities:					
Compensated absences payable	-	-	-	6,052	6,052
Obligation under capital lease	-	-	-	168,730	168,730
Bonds payable	-	-	-	170,000	170,000
Net pension obligation	-	-	-	20,015	20,015
Total liabilities	15,678	122	-	364,797	380,597
Fund Equity:					
Investment in General Fixed Assets	-	-	1,091,668	-	1,091,668
Fund balance-unreserved and undesignated	754,896	19,910	-	-	774,806
Total fund equity	754,896	19,910	1,091,668	-	1,866,474
TOTAL LIABILITIES AND FUND EQUITY	\$ 770,574	\$ 20,032	\$ 1,091,668	\$ 364,797	\$ 2,247,071

EXHIBIT B
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	General Fund	Special Revenue Fund	Totals (Memo Only)
REVENUES			
Taxes			
Ad valorem taxes	\$ 394,990	\$ -	\$ 394,990
Fire protection service charges	132,463	-	132,463
Penalties, interest, and collection costs	1,739	-	1,739
Total taxes	529,192	-	529,192
Intergovernmental revenues			
State fire insurance rebate	28,092	-	28,092
State revenue sharing	92,401	-	92,401
East Baton Rouge Parish	137,940	100,000	237,940
Total intergovernmental revenues	258,433	100,000	358,433
Miscellaneous revenue			
Interest earned	10,760	-	10,760
Miscellaneous revenue	21,717	2,691	24,408
Total miscellaneous revenue	32,477	2,691	35,168
Total revenues	820,102	102,691	922,793
EXPENDITURES:			
Current operations:			
General government			
Accounting fees	5,027	820	5,847
Legal fees	16,443	-	16,443
Total general government	21,470	820	22,290
Public safety			
Advertising	2,549	-	2,549
Dues	450	-	450
Employee benefits	95,281	319	95,600
Fee billing	22,913	-	22,913
Food	2,168	-	2,168
Insurance	11,473	2,870	14,343
Maintenance and repair	24,521	1,666	26,187
Medical program	2,018	-	2,018
Miscellaneous	468	20	488
Pest control	-	-	-

The accompanying notes are an integral part of this statement.

EXHIBIT B(CONTINUED)
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	General Fund	Special Revenue Fund	Totals (Memo Only)
Postage	903	-	903
Rent	5,343	-	5,343
Retirement costs-other	6,382	-	6,382
Salaries	325,156	55,513	380,669
Supplies	24,273	2,481	26,754
Telephone	5,279	2,137	7,416
Training	6,235	909	7,144
Utilities	9,868	-	9,868
Vehicle expense	-	10,892	10,892
Total public safety	545,280	76,807	622,087
Capital outlay			
Communications equipment	1,043	-	1,043
Facilities	27,794	-	27,794
Fire fighting equipment	34,030	7,885	41,915
Office furniture and equipment	2,393	-	2,393
Vehicles	190,261	-	190,261
Total capital outlay	255,521	7,885	263,406
Debt service:			
Principal retirement	15,850	-	15,850
Interest expense	1,257	-	1,257
Total debt service	17,107	-	17,107
Total expenditures	839,378	85,512	924,890
Other financing sources			
Proceeds of bonds	170,000	-	170,000
Proceeds of loan	168,730	-	168,730
Total other financing sources	338,730	-	338,730
Excess of revenues and other sources over expenditures	319,454	17,179	336,633
Fund balance at beginning of year	435,442	2,731	438,173
Fund balance at end of year	\$ 754,896	\$ 19,910	\$ 774,806

The accompanying notes are an integral part of this statement.

EXHIBIT C
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS) GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>General Fund</u>		
	Revised Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Ad valorem taxes	\$ 225,050	\$ 394,990	\$ 169,940
Fire protection service charge	135,000	132,463	(2,537)
Penalties, interest, and collection costs	3,500	1,739	(1,761)
Total taxes	363,550	529,192	165,642
Intergovernmental revenues			
State fire insurance rebate	27,150	28,092	942
State revenue sharing	70,000	92,401	22,401
East Baton Rouge Parish	113,120	137,940	24,820
Total intergovernmental revenues	210,270	258,433	48,163
Miscellaneous revenue			
Interest earned	5,000	10,760	5,760
Miscellaneous revenue	3,000	21,717	18,717
Total miscellaneous revenue	8,000	32,477	24,477
Total revenues	581,820	820,102	238,282
EXPENDITURES:			
Current operations:			
General government			
Accounting fees	4,000	5,027	(1,027)
Legal fees	16,000	16,443	(443)
Total general government	20,000	21,470	(1,470)
Public safety			
Advertising	750	2,549	(1,799)
Dues	1,000	450	550
Employee benefits	102,250	95,281	6,969
Fee billing	23,500	22,913	587
Food	1,200	2,168	(968)
Insurance	14,500	11,473	3,027
Maintenance and repair	21,900	24,521	(2,621)
Medical program	2,500	2,018	482
Miscellaneous	-	467	(467)
Pest control	-	-	-

The accompanying notes are an integral part of this statement.

EXHIBIT C (CONTINUED)
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS) GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>General Fund</u>		
	Revised Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
Postage	900	903	(3)
Rent	6,900	5,343	1,557
Retirement costs-other	-	6,382	(6,382)
Salaries	320,234	325,156	(4,922)
Supplies	19,550	24,273	(4,723)
Telephone	5,500	5,279	221
Training	3,500	6,235	(2,735)
Utilities	10,150	9,869	281
Vehicle expense	-	-	-
Total public safety	534,334	545,280	(10,946)
Capital outlay			
Communications equipment	-	1,043	(1,043)
Facilities	19,000	27,794	(8,794)
Fire fighting equipment	26,000	34,030	(8,030)
Office furniture and equipment	400	2,393	(1,993)
Vehicles	218,730	190,261	28,470
Total capital outlay	264,130	255,521	8,610
Debt service:			
Principal retirement	15,850	15,850	-
Interest expense	1,257	1,257	-
Total debt service	17,107	17,107	-
Total expenditures	835,571	839,378	(3,806)
Other financing sources			
Proceeds of bonds	-	170,000	170,000
Proceeds of loan	168,730	168,730	-
Total other financing sources	168,730	338,730	170,000
Excess (deficiency) of revenues and other sources over expenditures	(85,022)	319,454	404,476
Fund balance at beginning of year	435,442	435,442	-
Fund balance at end of year	\$ 350,420	\$ 754,896	\$ 404,476

The accompanying notes are an integral part of this statement.
Page 8

EXHIBIT C (CONTINUED)
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS) GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Special Revenue Fund</u>		
	Revised Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Ad valorem taxes	\$ -	\$ -	\$ -
Fire protection service charge	-	-	-
Penalties, interest, and collection costs	-	-	-
Total taxes	-	-	-
Intergovernmental revenues			
State fire insurance rebate	-	-	-
State revenue sharing	-	-	-
East Baton Rouge Parish	100,000	100,000	-
Total intergovernmental revenues	100,000	100,000	-
Miscellaneous revenue			
Interest earned	-	-	-
Miscellaneous revenue	-	2,691	2,691
Total miscellaneous revenue	-	2,691	2,691
Total revenues	100,000	102,691	2,691
EXPENDITURES:			
Current operations:			
General government			
Accounting fees	1,600	820	780
Legal fees	-	-	-
Total general government	1,600	820	780
Public safety			
Advertising	-	-	-
Dues	-	-	-
Employee benefits	-	319	(319)
Fee billing	-	-	-
Food	-	-	-
Insurance	6,700	2,870	3,830
Maintenance and repair	2,100	1,666	434
Medical program	-	-	-
Miscellaneous	-	20	(20)
Pest control	-	-	-

The accompanying notes are an integral part of this statement.

EXHIBIT C (CONTINUED)
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS) GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Special Revenue Fund</u>		
	Revised Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
Postage	-	-	-
Rent	-	-	-
Retirement costs-other	-	-	-
Salaries	65,120	55,513	9,607
Supplies	7,280	2,481	4,799
Telephone	2,200	2,137	63
Training	2,000	909	1,091
Utilities	-	-	-
Vehicle expenses	4,000	10,892	(6,892)
Total public safety	89,400	76,807	12,593
Capital outlay			
Communications equipment	-	-	-
Facilities	-	-	-
Fire fighting equipment	9,000	7,885	1,115
Office furniture and equipment	-	-	-
Vehicles	-	-	-
Total capital outlay	9,000	7,885	1,115
Debt service:			
Principal retirement	-	-	-
Interest expense	-	-	-
Total debt service	-	-	-
Total expenditures	100,000	85,512	14,488
Other financing sources			
Proceeds of bonds	-	-	-
Proceeds of loan	-	-	-
Total other financing sources	-	-	-
Excess of revenues and other sources over expenditures	-	17,179	17,179
Fund balance at beginning of year	2,731	2,731	-
Fund balance at end of year	\$ 2,731	\$ 19,910	\$ 17,179

The accompanying notes are an integral part of this statement.
Page 10

EXHIBIT C(CONTINUED)
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL(GAAP BASIS)GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Totals (Memo Only)</u>		
	Revised Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Ad valorem taxes	\$ 225,050	\$ 394,990	\$ 169,940
Fire protection service charge	135,000	132,463	(2,537)
Penalties, interest, and collection costs	3,500	1,739	(1,761)
Total taxes	363,550	529,192	165,642
Intergovernmental revenues			
State fire insurance rebate	27,150	28,092	942
State revenue sharing	70,000	92,401	22,401
East Baton Rouge Parish	213,120	237,940	24,820
Total intergovernmental revenues	310,270	358,433	48,163
Miscellaneous revenue			
Interest earned	5,000	10,760	5,760
Miscellaneous revenue	3,000	24,408	21,408
Total miscellaneous revenue	8,000	35,168	27,168
Total revenues	681,820	922,793	240,973
EXPENDITURES:			
Current operations:			
General government			
Accounting fees	5,600	5,847	(247)
Legal fees	16,000	16,443	(443)
Total general government	21,600	22,290	(690)
Public safety			
Advertising	750	2,549	(1,799)
Dues	1,000	450	550
Employee benefits	102,250	95,600	6,650
Fee billing	23,500	22,913	587
Food	1,200	2,168	(968)
Insurance	21,200	14,343	6,857
Maintenance and repair	24,000	26,187	(2,187)
Medical program	2,500	2,018	482
Miscellaneous	-	488	(488)
Pest control	-	-	-

The accompanying notes are an integral part of this statement.

EXHIBIT C (CONTINUED)
DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (GAAP BASIS) GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Totals (Memo Only)</u>		
	Revised Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
Postage	900	903	(3)
Rent	6,900	5,343	1,557
Retirement costs-other	-	6,382	(6,382)
Salaries	385,354	380,669	4,685
Supplies	26,830	26,754	76
Telephone	7,700	7,416	284
Training	5,500	7,144	(1,644)
Utilities	10,150	9,868	282
Vehicle expense	4,000	10,892	(6,892)
Total public safety	623,734	622,087	1,647
Capital outlay			
Communications equipment	-	1,043	(1,043)
Facilities	19,000	27,794	(8,794)
Fire fighting equipment	35,000	41,915	(6,915)
Office furniture and equipment	400	2,393	(1,993)
Vehicles	218,730	190,261	28,470
Total capital outlay	273,130	263,406	9,725
Debt service:			
Principal retirement	15,850	15,850	-
Interest expense	1,257	1,257	-
Total debt service	17,107	17,107	-
Total expenditures	935,571	924,890	10,682
Other financing sources			
Proceeds of bonds	-	170,000	170,000
Proceeds of loan	168,730	168,730	-
Total other financing sources	168,730	338,730	170,000
Excess (deficiency) of revenues and other sources over expenditures	(85,022)	336,633	421,655
Fund balance at beginning of year	438,173	438,173	-
Fund balance at end of year	\$ 353,151	\$ 774,806	\$ 421,655

The accompanying notes are an integral part of this statement.
Page 12

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A.BASIS OF PRESENTATION

The accompanying component unit financial statements of the District Six Fire Protection 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

District Six Fire Protection District was created in the Parish of East Baton Rouge by Parish Resolution 12992, adopted December 22, 1976. Pursuant to the authority granted under Article VI, Sections 15 and 19 of the Louisiana Constitution of 1974, and pursuant to LRS 33:1415 and 40:1491-1506, the Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge created and established the Board of Commissioners ("Board") for District 6 Fire Protection District. The Board is composed of five members appointed by the Metropolitan Council and must be resident property taxpayers of the District. The District provides fire protection services to all of the territory situated within its confines.

For financial reporting purposes, in conformance with GASB Codification of Governmental Accounting and Financial Reporting Standards, the District includes all funds and account groups that are controlled by the District.

GASB Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of a larger governmental reporting entity for financial and reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell, and lease property in its own name.
2. Whether the larger governmental reporting entity appoints a majority of commission members of the potential component unit.
3. Fiscal interdependency between the larger governmental reporting entity and the potential component unit.
4. Imposition of will by the larger governmental reporting entity on the potential component unit.
5. Financial benefit/burden relationship between the larger governmental reporting entity and the potential component unit.

Based on this criteria, the District's management has concluded that it is a component unit of the Consolidated Government of the City of Baton Rouge, Parish of East Baton Rouge.

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)**

C.FUND ACCOUNTING

The accounts of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The fund presented in the financial statements is described as follows:

Governmental Funds:

General Fund

The General Fund is the principal fund of the District and is used to account for the operations of the District. General tax revenues and other sources of revenue used to finance the fundamental operations of the District are accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital outlay) that are legally restricted to expenditures for specified purposes.

D.GENERAL FIXED ASSETS AND GENERAL LONG-TERM DEBT

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets account group, rather than the General Fund. Fixed assets are valued at historical cost and no depreciation has been provided on general fixed assets.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt account group, not in the General Fund.

The two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

E.BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. Property taxes and fire protection service charges are considered measurable in the calendar year of the tax levy and service charge billing. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)**

judgements, and compensated absences are recorded as expenditures when paid with expendable available financial resources.

F.USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from these estimates.

G.BUDGETS AND BUDGETARY ACCOUNTING

A proposed operating budget for the General Fund, prepared on GAAP basis, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The operating budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at the end of each fiscal year.

H.CASH AND INVESTMENTS

Cash and investments, which include interest-bearing demand deposit accounts and certificates of deposit, are stated at cost, which approximates market.

I.COMPENSATED ABSENCES

The District has the following policies related to annual and sick leave:

Annual leave is determined by the number of years of service and accrues each pay period. Accrued annual may be carried over from year to year based on the employees' years of service. Employees who have from 1-10 years of service will be allowed to accrue no more than 25% of vacation time to which they are eligible at the end of each calendar year. Employees with 10 years or more of service will be allowed to accrue 33% of vacation time to which they are eligible at the end of each calendar year. Employees will be paid for all accrued vacation time when they are no longer employed by the District.

Sick leave is determined by the number of years of service and accrues each pay period. Accrued sick leave is carried over from year to year. The accumulated sick leave can only be used while in the employ of the District. Employees who leave the service of the District, except for retirement, will not be paid for any such accumulated sick leave.

At December 31, 1998, employees of the District had accumulated and vested \$6,052 annual leave and sick leave benefits, which was computed in accordance with GASB Statement No. 16 and is recorded within the general long-term debt account group.

J.TOTALS COLUMNS ON THE COMBINED STATEMENTS

The total column on the combined balance sheet is captioned Memo Only to indicate that it is presented only to

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

K. ENCUMBRANCES

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

NOTE 2-CASH

Under state law, the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

State statutes require that these deposits be insured by Federal depository insurance or collateralized by securities held in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of December 31, 1998, the status of deposited funds and collateralized balances are as follows:

Balance per bank statements	\$323,176
Secured by Federal depository insurance	100,000
Market value of collateralized securities	<u>377,885</u>
Balance unsecured and uncollateralized	<u>\$ -</u>

NOTE 3-PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission. The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of East Baton Rouge Parish, as provided by LRS 33:1435, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts. By agreement, the Sheriff is also the tax collector for City property taxes for which he receives a commission of 4.5% of total taxes collected for the City. December tax collections remitted to the District by the Sheriff in January are reported as "Due from other governmental units."

The 1998 property tax calendar is as follows:

Levy date	March 12, 1998
Millage rates adopted	March 12, 1998
Tax bills mailed	December 1, 1998

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Due date	December 31, 1998
Lien date	January 1, 1999

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. Therefore, there are no delinquent taxes at year end.

All property taxes are recorded in governmental funds, and as explained in Note 1(E), revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experience, will not be collected in the subsequent year and are primarily due to subsequent adjustments of the tax rolls. All of the net taxes receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expect to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected within 60 days subsequent to year end or they are completely available for short-term debt and short-term advances from the tax collector due to time lags between collections and the remittance to the District.

NOTE 4-FIRE PROTECTION SERVICE CHARGES

The District is empowered to assess a service of \$32 for each residential and commercial structure in the District. On July 1, 1994, the Board of Commissioners of the District voted to raise the service fee charged by the District from \$16 per structure to \$32 per structure effective July 1, 1994.

The Board, on that same day, adopted the following service fee calendar for subsequent years:

Initial bills to be sent	July 1
Second bills to be sent	August 15
Certified letter sent to property owner	October 1
Lien date	December 1
File law suit	June 1

The Board has also adopted policies regarding the collection of costs associated with the collection of delinquent service fees. At present, the Board has decided to charge an additional \$20 for each person and structure against which a lien and privilege is imposed in the collection process.

The service fees are recorded in the governmental fund, and as explained in Note 1(E), revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Service fees are considered measurable in the calendar year of the assessment. Accordingly, the entire assessment less an estimate for uncollectible service fees is recorded as revenue in the current calendar year. All of the net service fees receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

soon enough thereafter to pay liabilities of the current period.

NOTE 5-RECEIVABLES

Property taxes and fire protection service charges receivable and estimated uncollectible amounts for the District are as follows:

	Property Taxes	Fire Protection Service Charges
Amounts receivable	\$ 157,763	\$ 55,272
Estimated uncollectibles	<u>14,153</u>	<u>41,257</u>
	<u>\$ 143,610</u>	<u>\$ 14,015</u>

NOTE 6-DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units are as follows:

East Baton Rouge Parish Sheriff	\$ 249,024
Louisiana State Revenue Sharing	<u>45,963</u>
	<u>\$ 294,987</u>

NOTE 7-CHANGES IN GENERAL FIXED ASSETS

A summary of changes in fixed assets follows:

	Balance Beginning of Year	Additions	Adjustments and Deletions	Balance End of Year
Land	\$ 33,000	10,000	-	\$ 43,000
Buildings	254,500	17,794	-	272,294
Equipment	450,640	66,882	19,159	498,363
Equipment under capital lease	<u>109,281</u>	<u>168,730</u>	<u>-</u>	<u>278,011</u>
	<u>\$847,421</u>	<u>\$263,406</u>	<u>\$ 19,159</u>	<u>\$1,091,668</u>

NOTE 8-PENSION PLAN

The District, as well as covered employees, make contributions to the Employees' Retirement System of the City of Baton Rouge, Parish of East Baton Rouge. This is a multiple-employer defined-benefit pension plan that provides retirement benefits for all full-time employees of the District, as well as:

City of Baton Rouge, Parish of East Baton Rouge
District Attorney of the Nineteenth Judicial District
Nineteenth Judicial District Court

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)**

East Baton Rouge Parish Family Court
East Baton Rouge Parish Juvenile Court
St. George Fire Protection District
Brownsfield Fire Protection District
Central Fire Protection District
East Baton Rouge Fire Protection District No. 6
East Baton Rouge Recreation and Park Commission

The Retirement System is reported as a blended component unit of the City-Parish as defined by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. Since the Retirement System is part of the City-Parish's reporting entity, its financial statements are included as a Pension Trust Fund by the primary government.

The Board of Trustees of the Retirement System was created by the City of Baton Rouge and the Parish of East Baton Rouge Plan of Government to administer the assets of the system, and is composed of seven members. Four of the trustees are members of the Retirement System, two are selected from non police and fire department employees, and one trustee each is selected from the Police and Fire Departments. The remaining membership of the board consists of the Director of Finance, and two persons with business and accounting experience, appointed by the Metropolitan Council. All administrative expenses of the Retirement System are paid from funds of the system, and the board issues its own financial statements on an annual basis.

The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to:

Horace Elkins
Retirement Administrator
Employees' Retirement System
City of Baton Rouge, Parish of East Baton Rouge
P.O. Box 1471
Baton Rouge, Louisiana 70821-1471

The Retirement System reports its financial activities under the provisions of GASB Statement No. 25, Financial Reporting for Defined contribution Plans. All required disclosures are included in their separately issued report.

Any person who becomes a regular full-time employee of the District becomes a member of the Retirement System as a condition of employment. An employee's benefit rights vest after the employee has been a member of the Retirement System for 12 years. Benefit payments are classified into two distinct categories: full retirement benefits and minimum eligibility benefits. Full retirement benefits are granted with 25 years service, regardless of age while minimum eligibility benefits are granted at age 55 with 10 years of service, or 20 years of service, regardless of age. Full retirement benefits are defined as 3% of average compensation times the number of years of service while minimum eligibility benefits are defined as 2.5% of average compensation times the number of years of service. Average compensation is determined by the highest average compensation in 36 consecutive months. Benefits paid to employees shall not exceed 90% of average compensation. Benefits are reduced by 3% for each year below age 55, if service is less than 25 years.

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

During 1998, the District contributed \$49,045 and the employees contributed \$29,297 on payroll of \$325,156, plus State Supplemental pay of \$20,400.

NOTE 9-LEASES AND BONDS

The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

Type	Amount Recorded
Equipment	\$278,011

The following is a schedule of future minimum lease payments under the capital lease, together with the present value of the net minimum lease payments, as of December 31, 1998:

Fiscal Year	<u>Lease</u>	<u>Bond</u>	<u>Total</u>
1999	\$ 29,690	\$ 38,995	\$ 68,685
2000	29,690	38,995	68,685
2001	29,690	38,995	68,685
2002	29,690	38,995	68,685
2003	29,690	38,995	68,685
2004	29,690		29,690
2005	29,690		29,690
Less: Amount representing interest	<u>(39,100)</u>	<u>(24,975)</u>	<u>(64,075)</u>
Outstanding principal	<u>\$ 168,730</u>	<u>\$170,000</u>	<u>\$338,730</u>

NOTE 10-LONG-TERM DEBT

A summary of the general long-term obligation of the District is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital lease	\$ 15,850	\$ 168,730	15,850	\$ 168,730
General obligation bonds	-	170,000	-	170,000
Compensated absences	43,407	-	37,355	6,052
Net pension obligation	<u>16,915</u>	<u>3,100</u>	<u> </u>	<u>20,015</u>
	<u>\$ 76,172</u>	<u>\$ 341,830</u>	<u>\$ 53,205</u>	<u>\$ 364,797</u>

During the year ended December 31, 1998, the District entered into a capital lease transaction to finance the purchase of equipment. The capital lease is for a principal amount of \$168,730 with interest at the rate of

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)**

5.50%.

The District also issued general obligation bonds in the amount of \$170,000 for construction of a new fire station. The bonds were issued with an interest rate of 4.75%.

NOTE 11-POSTEMPLOYMENT BENEFITS

District employees are eligible to continue participation in the City of Baton Rouge and Parish of East Baton Rouge health, dental, and life insurance programs upon retirement.

Employees are offered their choice of two health maintenance organizations or an indemnity plan for health benefits. Employees may also participate in the indemnity plan for dental benefits. Upon retirement, the employee may continue their coverage with the same benefits payable to active employees. The minimum premium plan is funded with employees and retirees contributing 38% of the premium and the District contributing 62% of the premium. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

The District does not have any retirees as of December 31, 1998, and therefore, has no estimated expenditures/expenses for postretirement health and dental benefits.

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all District employees who retire after May 1, 1976, have \$3,000 of term life insurance coverage. As noted above, the District has no retirees and, therefore, no coverage was in effect.

The cost of this insurance is paid by the District through an actuarially determined monthly assessment of 70 cents per active employee.

NOTE 12-DEFERRED COMPENSATION PLAN

The District participates in The National Association of Counties (NACO) Deferred Compensation Program, which is a cost-sharing multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future periods. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts are (until paid or made available to the employee or other beneficiary) solely the property and right of the District, subject only to the claims of the District's general creditors. Participant's rights under the plan are equal to those of general creditors of the District in amounts equal to the fair market value of their deferred accounts.

It is the opinion of the State's Attorney General that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary investor. The District believes that it is unlikely that it will use the assets to satisfy the claims of the general creditors in the future.

Investments are managed by the plan's trustee, who provides certain options. The choice of investment options is made by the participants.

**DISTRICT SIX FIRE PROTECTION DISTRICT
PARISH OF EAST BATON ROUGE
NOTES TO THE FINANCIAL STATEMENTS(CONTINUED)**

NOTE 13-COMPENSATION PAID TO COMMISSION MEMBERS

The following is a list of commission members appointed for the year ended December 31, 1998. The commission members did not receive any compensation for their service on the board of District Six Fire Protection District during the year ended December 31, 1998.

Chris Medine, chairman
Harold Christopher, vice-chairman
Reginald Higgins, commissioner
Rusty Jones, commissioner
Donald Yelverton, commissioner

SUPPLEMENTAL INFORMATION

**DISTRICT SIX FIRE PROTECTION DISTRICT
BATON ROUGE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 1998**

Finding 1: The segregation of duties is inadequate to provide effective internal control..

Fiscal year finding initially reported: December 31, 1994

Corrective action taken:

This limitation is the direct result of economic limitations on administrative positions within the District. The District's management feels that other controls are in place to provide adequate safeguarding of assets.

Finding 2: Budgetary authority and control.

Fiscal year finding initially reported: December 31, 1996

Corrective action taken:

The management of the District is monitoring the District's performance against its adopted budget and making sure that appropriate actions, i.e. budget amendments, are taken when required.

The contact personnel are the Fire Chief, H.R. "Butch" Browning, and Chris Medine, Chairman of the Board of Commissioners.