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CADD0 PARISH FIRE DISTRICT NUMBER 4

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Release Date JUL 07 1999

FINANCIAL STATEMENTS

December 31, 1998

# CADDO PARISH FIRE DISTRICT NUMBER 4

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Commissioners  
Caddo Parish Fire District Number Four  
Caddo Parish, Louisiana

We have audited the accompanying general purpose financial statements of Caddo Parish Fire District Number Four, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of Caddo Parish Fire District Number Four's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Governmental Accounting Standards Board Technical Bulletin 99-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the Year 2000 Issue. Caddo Parish Fire District Number Four has included such disclosures in Note 11. Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Caddo Parish Fire District Number Four's disclosures with respect to the Year 2000 Issue made in Note 11. Further, we do not provide assurance that Caddo Parish Fire District Number Four, is or will be year 2000 ready, that Caddo Parish Fire District Number Four's year 2000 remediation efforts will be successful in whole or in part, or that parties with which Caddo Parish Fire District Number Four, does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Caddo Parish Fire District Number Four, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government and Auditing Standards*, we have also issued a report dated June 14, 1999, on our consideration of Caddo Parish Fire District Number Four's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

  
Certified Public Accountants

June 14, 1999

# CADDO PARISH FIRE DISTRICT NUMBER 4

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1998

	Governmental Funds		Account Groups		Totals (Memorandum Only)	
	General Fund	Debt Service Fund	General Fixed Assets	General Long-term Debt	December 31, 1998	December 31, 1997
<b>Assets and Other Debits</b>						
<b>Assets:</b>						
Cash and cash equivalents	\$ 87,975	\$ 62,379	\$ -	\$ -	\$ 150,354	\$ 87,056
Prepaid insurance	1,138	-	-	-	1,138	1,088
Accounts receivable:						
Service charges	278,053	-	-	-	278,053	268,600
Ad valorem taxes	73,928	43,883	-	-	117,811	135,054
Less allowance for uncollectible taxes	(2,457)	-	-	-	(2,457)	(7,704)
Due from governmental units	9,594	-	-	-	9,594	14,056
Fixed assets	-	-	660,096	-	660,096	623,691
<b>Other Debits:</b>						
Amount available in debt service fund	-	-	-	106,262	106,262	107,054
Amount to be provided for retirement of long-term debt	-	-	-	28,912	28,912	78,953
<b>Total Assets and Other Debits</b>	<u>\$ 448,231</u>	<u>\$ 106,262</u>	<u>\$ 660,096</u>	<u>\$ 135,174</u>	<u>\$ 1,349,763</u>	<u>\$ 1,307,848</u>
<b>Liabilities, Equity, and Other Credits</b>						
<b>Liabilities:</b>						
Salaries payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,409
Payroll taxes payable	380	-	-	-	380	293
Lease payable	-	-	-	20,224	20,224	24,257
Notes payable	-	-	-	4,950	4,950	6,750
Bonds payable	-	-	-	110,000	110,000	155,000
<b>Total Liabilities</b>	<u>380</u>	<u>-</u>	<u>-</u>	<u>135,174</u>	<u>135,554</u>	<u>188,709</u>
<b>Equity and Other Credits:</b>						
Investment in general fixed assets	-	-	660,096	-	660,096	623,691
Fund Balances:						
Reserved for debt service	-	106,262	-	-	106,262	107,054
Unreserved/undesignated	447,851	-	-	-	447,851	388,394
<b>Total Equity and Other Credits</b>	<u>447,851</u>	<u>106,262</u>	<u>660,096</u>	<u>135,174</u>	<u>1,214,209</u>	<u>1,119,139</u>
<b>Total Liabilities, Equity, and Other Credits</b>	<u>\$ 448,231</u>	<u>\$ 106,262</u>	<u>\$ 660,096</u>	<u>\$ 135,174</u>	<u>\$ 1,349,763</u>	<u>\$ 1,307,848</u>

See accompanying notes to financial statements.

## CADDO PARISH FIRE DISTRICT NUMBER 4

### Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Year Ended December 31, 1998

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals (Memorandum Only)</u>	
			<u>1998</u>	<u>1997</u>
<b>Revenues:</b>				
Taxes	\$ 83,908	\$ 50,347	\$ 134,255	\$ 141,554
Service charges	273,210	-	273,210	271,030
Intergovernmental:				
Fire insurance rebate	12,566	-	12,566	12,207
State revenue sharing	14,390	-	14,390	11,143
State supplemental pay	10,500	-	10,500	10,404
Interest income	13,189	3,400	16,589	17,274
Miscellaneous revenues	410	-	410	929
Total revenues	<u>408,173</u>	<u>53,747</u>	<u>461,920</u>	<u>464,541</u>
<b>Expenditures:</b>				
Current:				
General government	25,792	(2,386)	23,406	24,958
Public safety	277,895	-	277,895	186,457
Capital outlay	36,405	-	36,405	21,501
Debt service:				
Bond principal paid	-	45,000	45,000	40,000
Note principal paid	1,800	-	1,800	1,800
Lease principal paid	4,033	-	4,033	15,000
Interest paid	2,791	11,925	14,716	16,454
Total expenditures	<u>348,716</u>	<u>54,539</u>	<u>403,255</u>	<u>306,170</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<u>59,457</u>	<u>(792)</u>	<u>58,665</u>	<u>158,371</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds of lease payable	-	-	-	39,257
Sale of equipment	-	-	-	(7,500)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,757</u>
<b>Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)</b>	<u>59,457</u>	<u>(792)</u>	<u>58,665</u>	<u>190,128</u>
<b>Fund Balances, Beginning</b>	<u>388,394</u>	<u>107,054</u>	<u>495,448</u>	<u>305,320</u>
<b>Fund Balances, Ending</b>	<u>\$ 447,851</u>	<u>\$ 106,262</u>	<u>\$ 554,113</u>	<u>\$ 495,448</u>

**CADDO PARISH FIRE DISTRICT NUMBER 4**

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget (Cash Basis) and Actual - General Fund  
Year Ended December 31, 1998

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 94,400	\$ 83,908	\$ (10,492)
Service charges	261,600	273,210	11,610
Intergovernmental revenues:			
Fire insurance rebate	12,500	12,566	66
State revenue sharing	14,000	14,390	390
State supplemental pay	10,800	10,500	(300)
Interest income	12,200	13,189	989
Miscellaneous revenue	600	410	(190)
Total revenues	406,100	408,173	2,073
<b>Expenditures:</b>			
Current:			
General government	31,550	25,792	5,758
Public safety	287,300	277,895	9,405
Capital outlay	43,500	36,405	7,095
Debt service:			
Note principal paid	-	1,800	(1,800)
Lease principal paid	6,277	4,033	2,244
Interest paid	-	2,791	(2,791)
Total expenditures	368,627	348,716	19,911
<b>Excess (Deficiency) of Revenues over Expenditures</b>	37,473	59,457	21,984
<b>Fund Balances, Beginning</b>	388,394	388,394	-
<b>Fund Balances, Ending</b>	\$ 425,867	\$ 447,851	\$ 21,984

# CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements  
December 31, 1998

The Caddo Parish Fire District Number 4 (the District) is an incorporated political subdivision of the State of Louisiana. It is financed primarily by ad valorem taxes and service charges which are approved by the qualified voters of the District. The District is governed by a board of commissioners. It is supervised by the Caddo Parish Commission. There are five board members. The board members are not compensated. The purpose of the District is to provide fire protection and emergency services to residents of the District.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements of Caddo Parish Fire District Number 4 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.

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

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

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

Because the Commission meets the first criterion listed above, the District was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

# CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements  
December 31, 1998

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**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 relating to certain government functions or activities.

A fund is a separate accounting entity with a set of self-balancing accounts. An account group, on the other hand, 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.

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, the servicing of general long-term debt, and all operating activities. Governmental funds of the District include:

**General Fund** - The general operating fund of the District which accounts for all financial resources, except those required to be accounted for in other funds.

**Debt Service Fund** - Accounts for transactions relating to resources retained and used for the payment of principal and interest on the long-term liabilities recorded in the general long-term debt account group.

**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 (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 governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

**Use of Estimates.** The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Budgets.** A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31 of each year. The proposed budget is prepared on a cash 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 re-appropriated in the next year's budget to be expended. The budget was amended in 1998.



# CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements  
December 31, 1998

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Cash.** Cash includes amounts in interest-bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, 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.

**Fixed Assets.** Fixed assets are recorded as expenditures in the governmental funds at the time purchased or constructed, and the related assets are 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 cost if historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

**Long-term Debt.** Long-term liabilities 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 liabilities are recognized in the governmental funds when due.

### Fund Equity.

Reserves - Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances - Designated fund balances represent tentative plans for future use of financial resources.

**Compensated Absences.** Compensated absences do not accrue past the calendar year and are not paid for if not taken. Therefore, no liability for compensated absences exist.

**Bad Debts.** An allowance for doubtful accounts has been established for estimated uncollectible ad valorem taxes. Accounts receivable are written-off against this account when information becomes available indicating the amounts are uncollectible.

**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. 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.*

## 2. CASH:

The District's cash is categorized to give an indication of the level of risk assumed by the District at December 31, 1998. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized.

**CADDO PARISH FIRE DISTRICT NUMBER 4**

Notes to Financial Statements  
December 31, 1998

**2. CASH (Continued):**

Cash deposits at December 31, 1998, categorized by level of risk, are:

Description	Category			Bank Balance	Carrying Amount
	1	2	3		
Unrestricted cash	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 65,197</u>	<u>\$ 165,197</u>	<u>\$ 150,354</u>

**3. AD VALOREM TAXES AND PARCEL FEES:**

The District levies taxes on real and business personal property within its boundaries. Property taxes attach as an enforceable lien on property as of January 1 of each year. Property taxes are recorded as receivables and revenue in the year assessed to the extent that revenues are collected within 60 days after year-end. The voters have also approved the levying of a \$100 service charge for each residential or commercial structure for 1998.

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

	1998 Millage	
	Authorized	Levied
Maintenance and Operation Tax	10.00	10.00
Bond Tax	6.00	6.00
Service Charges	\$100 for each residential or commercial structure	

The taxes levied during 1998 were \$134,254 on property with an assessed value of \$9,865,720. Total service charges levied were \$270,200 on 2,702 residential or commercial structures.

**4. DUE FROM OTHER GOVERNMENTAL UNITS:**

Amounts due from other governmental units (excluding the ad valorem taxes, and service charges which are collected by the Sheriff and remitted to the District) consist of the following:

State revenue sharing	<u>\$ 9,594</u>
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**5. CHANGES IN GENERAL FIXED ASSETS:**

A summary of changes in general fixed assets follows:

	Balance January 1, 1998	Additions	Deductions	Balance December 31, 1998
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Buildings & Improvements	97,505	17,347	-	114,852
Equipment & Furniture	512,186	19,058	-	531,244
Total	<u>\$ 623,691</u>	<u>\$ 36,405</u>	<u>\$ -</u>	<u>\$ 660,096</u>

## CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements  
December 31, 1998

### 6. PENSION PLAN

Plan Description. Substantially all employees of Fire Protection District No. 4 of Caddo Parish are members of the Louisiana Firefighters Retirement System (System), a cost-sharing, multiple-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 before 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 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and 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 or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy - Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and Fire Protection District No. 4 of Caddo Parish is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and Fire Protection District No. 4 of Caddo Parish 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. Fire Protection District No. 4 of Caddo Parish's contributions to the System for the years ending December 31, 1998, 1997, and 1996, were \$14,371, \$7,234, and \$7,719, respectively, equal to the required contributions for each year.

### 7. LEASES:

The District has entered into two, fifteen-year operating leases for plots of land on which their facilities are located. The leases stipulate rental rates of one dollar per year and all rents were prepaid at inception. The 1984 lease is a 15 year term, with a ten year renewal option. The 1998 lease is a 49 year term and the prepaid rent was paid by the Parish of Caddo as the lessee in the lease agreement.

During 1997, the District entered into a five year capital lease for the purchase of a 1997 F350 XLT Power Stroke Chassis W/47A Ambulance Package on Remounted Box to be used in the performance of emergency situations as an essential part of the day-to-day functions and duties of the District. The equipment costs totaled \$41,757, but \$2,500 was allowed on a trade-in and a down payment of \$15,000 was made using funds received from an insurance company in settlement of a vehicular accident. The remaining \$24,257 of the purchase price is financed as described in Note 8 on Long-Term Liabilities.

## CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements  
December 31, 1998

### 8. CHANGES IN LONG-TERM LIABILITIES:

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

	Lease Payable	Note Payable	Bonds Payable
Long-term debt payable January 1, 1998	\$ 24,257	\$ 6,750	\$ 155,000
Debt additions	-	-	-
Debt retirements	4,033	1,800	45,000
Long-term debt payable December 31, 1998	\$ 20,224	\$ 4,950	\$ 110,000

Bonds payable consist of a \$400,000 bond issue dated March 1, 1985, due in annual installments of \$25,000 to \$60,000, through March 1, 2000. The interest rate for 1998 and subsequent years is 9.0%. The bonds are secured by levy and collection of ad valorem taxes.

The note payable consists of an unsecured note payable to an individual dated July 1, 1996, with interest at 9%, due in quarterly installments of \$450 through July 1, 2001. The proceeds of this note were used to purchase land for the central fire station.

The lease payable consists of a capital lease payable to a financing company which has since inception been reassigned as payable to a bank. The lease and amendment one thereto are dated August 15, 1997. The lease finances the remaining purchase price of \$24,257 on the purchase of a 1997 F350 XLT Power Stroke Chassis W/47A Ambulance Package on Remounted Box. The lease term is five years beginning August 15, 1997 and ending August 15, 2002 at an interest rate of approximately 9.25%. A buy-out early in the term of the agreement is subject to a prepayment premium.

The annual requirements to amortize debt outstanding as of December 31, 1998, including interest of \$15,912 are:

Year Ending December 31	Lease Payable	Note Payable	Bonds Payable	Total
1999	\$ 6,278	\$ 2,189	\$ 57,650	\$ 66,117
2000	6,278	2,025	62,700	71,003
2001	6,278	1,411	-	7,689
2002	6,277	-	-	6,277
Total	\$ 25,111	\$ 5,625	\$ 120,350	\$ 151,086

### 9. COMMITMENTS AND CONTINGENCIES:

The District committed to buy land adjacent to the central station in 1999 for \$15,000. The sale was consummated on January 15, 1999. The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation. Settlements have not exceeded insurance coverage in any of the past three years.

## **CADDO PARISH FIRE DISTRICT NUMBER 4**

Notes to Financial Statements  
December 31, 1998

### **10. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES:**

Governmental Accounting Standards Board Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditure by an employer governmental entity. In accordance with this Statement, \$10,500 has been recognized in both intergovernmental revenue - state supplemental pay and public safety expenditures due to on-behalf payments for fringe benefits and salaries.

### **11. YEAR 2000 ISSUE:**

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

Caddo Parish Fire District Number Four, Caddo Parish, Louisiana, has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the District's operations. Based on this inventory, the District is in the assessment stage of compiling costs for hardware and software believed to be year 2000 compliant for the financial reporting systems. Testing and validation of the systems will need to be completed after the hardware and software are installed.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

### **12. RECONCILIATION OF DIFFERENCES BETWEEN THE BUDGETARY - BASED FINANCIAL STATEMENTS AND THE GAAP - BASED FINANCIAL STATEMENTS:**

As discussed in Note 1, the budget is prepared on a cash basis of accounting. However, the modified accrual basis of accounting is used for financial reporting purposes in accordance with GAAP. Exhibit 1 reconciles the differences between the budgetary - based financial statements and the GAAP - based financial statements.

## CADDO PARISH FIRE DISTRICT NUMBER 4

Notes to Financial Statements  
December 31, 1998

### EXHIBIT 1 BUDGETARY/GAAP REPORTING RECONCILIATION

CADDO PARISH FIRE DISTRICT NUMBER 4  
General Fund  
Statement of Revenues, Expenditures, Changes in Fund Balances -  
Budget and Actual (Budgeting Basis Variance with GAAP)  
Year Ended December 31, 1998

	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Taxes	\$ 83,908	\$ 10,477	\$ 94,385	\$ 94,400	\$ (15)
Service charges	(273,210)	(11,495)	261,715	261,600	115
Intergovernmental:					
Fire insurance rebate	12,566	-	12,566	12,500	66
State revenue sharing	14,390	(335)	14,055	14,000	55
State supplemental pay	10,500	-	10,500	10,800	(300)
Interest income	13,189	(55)	13,189	13,189	934
Miscellaneous revenues	410	-	410	410	(190)
Total revenues	408,173	(1,408)	406,765	406,100	665
<b>Expenditures:</b>					
Current:					
General government	25,792	2,562	28,354	31,550	3,196
Public safety	277,895	2,641	280,536	287,300	6,764
Capital outlay	36,405	-	36,405	43,500	7,095
Debt service:					
Bond principal paid					
Note principal paid	1,800	-	1,800	-	(1,800)
Lease principal paid	4,033	-	4,033	6,277	2,244
Interest paid	2,791	-	2,791	-	(2,791)
Total expenditures	348,716	5,203	353,919	368,627	14,708
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ 59,457</b>	<b>\$ (6,611)</b>	<b>\$ 52,846</b>	<b>\$ 37,473</b>	<b>\$ 15,373</b>



SMITH PUGH RABINOWITZ L.L.P. 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**

Members of the Board of Commissioners  
Caddo Parish Fire District Number Four  
Caddo Parish, Louisiana

We have audited the general purpose financial statements of Caddo Parish Fire District Number Four, Caddo Parish, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 14, 1999. 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 Caddo Parish Fire District Number Four, Caddo Parish, Louisiana's, general purpose 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* which is described in the accompanying schedule of finding and questioned cost.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Caddo Parish Fire District Number Four, Caddo Parish, Louisiana's, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider 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 judgement, could adversely affect Caddo Parish Fire District Number Four's, ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of finding and questioned cost.

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 general purpose 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 the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of management and the Board of Commissioners.

  
Certified Public Accountants  
Shreveport, Louisiana

June 14, 1999

## CADDO PARISH FIRE DISTRICT NUMBER 4

### Schedule of Findings and Questioned Cost For the Year Ended December 31, 1998

We have audited the general purpose financial statements of Caddo Parish Fire District Number Four, Caddo Parish, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 14, 1999. 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. Our audit of the general purpose financial statements as of December 31, 1998 resulted in an unqualified opinion.

#### Section I - Summary of Auditor's Reports

##### a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control				
Material Weakness	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Reportable Conditions	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Compliance				
Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		

b. Federal Awards - None awarded for year ended December 31, 1998.

c. Identification of Major Programs: N/A

#### Section II - Financial Statement Finding

##### Current Year Finding:

##### Questioned Cost

##### 98-1 Uncollateralized Deposits

*Statement of Condition:* There are no securities pledged to the District by Bank One for deposits in excess of the Federal Depository Insurance.

*Criteria:* The cash balance in this amount at December 31, 1998, per bank records, totals \$165,197. The amount of Federal Depository Insurance coverage is \$100,000, resulting in \$65,197 of uninsured or uncollateralized balances.

\$ 65,197

*Effect of Condition:* A portion of the District's cash balance at Bank One is unsecured or uncollateralized.

*Cause of Condition:* Cash accounts at Bank One were not initially set up as the District being a public entity.

*Recommendation:* The District should request that the Bank set these accounts up as public entity accounts, which require securities to be pledged by the Bank to the entity.

*Response:* We concur with the auditor's recommendation. Procedures will be established to prevent a reoccurrence of the situation.



**CADDO FIRE DISTRICT NO. FOUR**  
**\*\*\*\*BOARD OF COMMISSIONERS\*\*\*\***  
**8240 COLQUITT ROAD**  
**KEITHVILLE, LOUISIANA 71047**  
**Phone (318) 925-2200**  
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**Willie Joe Greene-Chairman**                      **James Robinson-Vice-Chairman**  
**Ron Loyd-Secretary/Treasurer**  
**Ned Ellzey-Commissioner**                      **Phillip Williams-Commissioner**  
**Bryant Williams Fire Chief**

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Mr. Daniel G. Kyle, CPA  
Legislative Auditor, State of Louisiana  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Kyle:

The Caddo Parish Fire District Number Four, Caddo Parish, Louisiana, respectfully submits the following corrective action plan for the year ended December 31, 1998, for the Schedule of Finding.

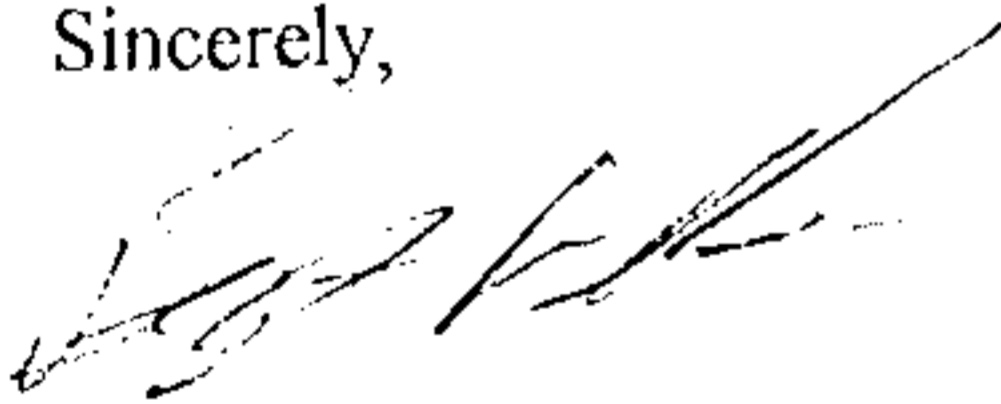
**FINDING RELATED TO FINANCIAL STATEMENTS**

**Finding 98-1:**

*Recommendation:* The District should request that the Bank set these accounts up as public entity accounts, which require securities to be pledged by the Bank to the entity.

*Action Taken:* The bank has been notified of the uncollateralized deposits. A letter was received from the bank confirming that all the district's bank accounts are now set up as public entity accounts and are now collateralized by securities.

Sincerely,



Bryant Williams  
Fire Chief

**CADDO PARISH FIRE DISTRICT NUMBER 4**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

December 31, 1998

The District was subject to a compilation for the prior year. There were no prior year findings.