

**Fire Sub - District No. 1 of
West Baton Rouge Parish**

Annual Financial Statements

Year ended December 31, 1998

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Release Date 7-14-99

Fire Sub - District No. 1 of West Baton Rouge Parish
Annual Financial Statements
Year ended December 31, 1998

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W. Kathleen Beard
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INDEPENDENT AUDITOR'S REPORT

To Mr. Carroll P. Bourgeois, Executive in Charge
and Members of the Board of Commissioners
Fire Sub - District No. 1 of West Baton Rouge Parish

I have audited the accompanying general purpose financial statements of the Fire Sub - District No. 1 of West Baton Rouge Parish, 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 the Sub - District's management. My responsibility is to express an opinion on these general purpose 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 evaluation 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 the Fire Sub - District No. 1 of West Baton Rouge Parish 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 Auditing Standards*, I have also issued my report dated June 23, 1999 on my consideration of Fire Sub - District No. 1 of West Baton Rouge Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was made for the purpose of forming and opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Schedules" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Fire Sub - District No. 1 of West Baton Rouge Parish. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to such statements taken as a whole.



W. Kathleen Beard
Certified Public Accountant
June 23, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS
Combined Statements Overview

Fire Sub - District No. 1 of West Baton Rouge Parish
 Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 1998
 with comparative totals for December 31, 1997

	Governmental Fund Types	
	General Fund	Debt Service
ASSETS		
Cash and cash investments	\$176,545	\$1,981
Receivables -		
Intergovernmental - sales tax	11,882	0
Due from other funds	1,981	0
Restricted assets -		
Cash and cash investments	80,472	0
Fixed assets	0	0
Amount to be provided for retirement of general long term debt	0	0
	\$270,879	\$1,981
	\$270,879	\$1,981
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable and accrued liabilities	\$7,802	\$0
Due to other funds	0	1,981
Payable from restricted assets -		
Retainage and contracts payable	37,315	0
Certificates of indebtedness payable	0	0
	45,117	1,981
Total Liabilities	45,117	1,981
Fund Equity:		
Investment in General Fixed Assets	0	0
Fund balance - unreserved	182,606	0
Fund balance - reserved for capital projects	43,157	0
	225,763	0
Total Fund Equity	225,763	0
	\$270,879	\$1,981
	\$270,879	\$1,981
TOTAL LIABILITIES AND FUND EQUITY	\$270,879	\$1,981

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit A

<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>	
<u>General</u>	<u>General</u>	<u>1998</u>	<u>1997</u>
<u>Fixed Assets</u>	<u>Long Term Debt</u>		
\$0	\$0	\$178,526	\$98,493
0	0	11,882	7,541
0	0	1,981	0
0	0	80,472	0
525,783		525,783	311,807
0	250,000	250,000	0
-----	-----	-----	-----
\$525,783	\$250,000	\$1,048,643	\$417,841
=====	=====	=====	=====
\$0	\$0	\$7,802	\$2,005
0	0	1,981	0
		37,315	0
0	250,000	250,000	0
-----	-----	-----	-----
0	250,000	297,098	2,005
525,783	0	525,783	311,807
0	0	182,606	104,029
0	0	43,157	0
-----	-----	-----	-----
525,783	0	751,545	415,836
-----	-----	-----	-----
\$525,783	\$250,000	\$1,048,643	\$417,841
=====	=====	=====	=====

Fire Sub - District No. 1 of West Baton Rouge Parish
 Combined Statement of Revenues, Expenditures and Changes in
 Fund Balance - All Governmental Fund Types
 Year ended December 31, 1998
 with comparative totals for December 31, 1997

Exhibit B

	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u>	<u>Totals (Memorandum Only)</u>	
			<u>1998</u>	<u>1997</u>
REVENUES:				
Intergovernmental:				
Parish -				
Sales tax	\$123,084	\$0	\$123,084	\$112,160
2% Fire insurance rebate	4,167	0	4,167	3,977
Interest income	4,588	0	4,588	2,743
Miscellaneous income	545	0	545	0
	-----	-----	-----	-----
Total revenues	132,384	0	132,384	118,880
 EXPENDITURES:				
Current -				
Public safety -				
Fire	40,702	0	40,702	34,785
Capital outlay	213,976	0	213,976	134,285
Debt service - interest	0	5,972	5,972	0
	-----	-----	-----	-----
Total expenditures	254,678	5,972	260,650	169,070
	-----	-----	-----	-----
Excess Revenues Over (Under) Expenditures	(122,294)	(5,972)	(128,266)	(50,190)
 OTHER FINANCING SOURCES (USES)				
Proceeds from Certificates of Indebtedness	250,000	0	250,000	0
Operating transfers in (out)	(5,972)	5,972	0	0
	-----	-----	-----	-----
Total Other Financing Sources (Uses)	244,028	5,972	250,000	0
	-----	-----	-----	-----
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	121,734	0	121,734	(50,190)
 BEGINNING FUND BALANCE	 104,028	 0	 104,028	 154,218
	-----	-----	-----	-----
ENDING FUND BALANCE	\$225,762	\$0	\$225,762	\$104,028
	=====	=====	=====	=====

The accompanying notes to the financial statements are an integral part of this statement.

Fire Sub - District No. 1 of West Baton Rouge Parish
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balance - Budget (GAAP Basis) and Actual
 General Fund

Year ended December 31, 1998 with comparative totals for December 31, 1997

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUE:			
Intergovernmental:			
Parish -			
Sales tax	\$92,000	\$123,084	\$31,084
2% Fire Insurance Rebate	4,166	4,167	1
Interest income	2,100	4,588	2,488
Miscellaneous income	0	545	545
	<hr/>		
Total revenues	98,266	132,384	34,118
EXPENDITURES:			
Current -			
Public safety - Fire	43,745	40,702	3,043
Capital outlay	298,548	213,976	84,572
Debt service - interest	0	0	0
	<hr/>		
Total expenditures	342,293	254,678	87,615
	<hr/>		
Excess Revenues Over (Under) Expenditures	(244,027)	(122,294)	121,733
OTHER FINANCING SOURCES (USES):			
Proceeds from Certificates of Indebtedness	250,000	250,000	0
Operating Transfers In (Out)	(5,973)	(5,972)	1
	<hr/>		
Total Other Financing Sources (Uses)	244,027	244,028	1
	<hr/>		
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	0	121,734	121,734
BEGINNING FUND BALANCE	0	104,028	104,028
	<hr/>		
ENDING FUND BALANCE	<u>\$0</u>	<u>\$225,762</u>	<u>\$225,762</u>

The accompanying notes to the financial statements are an integral part of this statement.

Exhibit C

<u>Totals (Memorandum Only)</u>			
<u>Budget</u>	<u>Actual (Unfavorable)</u>	<u>Variance Favorable</u>	<u>1997 Actual</u>
\$92,000	\$123,084	\$31,084	\$112,160
4,166	4,167	1	3,977
2,100	4,588	2,488	2,743
0	545	545	0
-----	-----	-----	-----
98,266	132,384	34,118	118,880
43,745	40,702	3,043	34,785
298,548	213,976	84,572	134,285
0	0	0	0
-----	-----	-----	-----
342,293	254,678	87,615	169,070
-----	-----	-----	-----
(244,027)	(122,294)	121,733	(50,190)
250,000	250,000	0	0
(5,973)	(5,972)	1	0
-----	-----	-----	-----
244,027	244,028	1	0
-----	-----	-----	-----
0	121,734	121,734	(50,190)
0	104,028	104,028	154,218
-----	-----	-----	-----
\$0	\$225,762	\$225,762	\$104,028
=====	=====	=====	=====

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1998

Introduction

The Fire Sub - District No. 1 of West Baton Rouge Parish was established by the parish governing authority, under the provisions of Louisiana Revised Statute 40:1506. The "Sub - District" was created to do and perform all acts necessary and proper for the purpose of providing fire protection service within the Addis sub - district. The Sub - District is governed by a chief executive officer and a board of commissioners, in accordance with Louisiana Revised Statute 40:1506. The members of the governing body serve without pay, including per diem.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of Fire Sub - District No. 1 of West Baton Rouge Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental funds. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), then American Institute of Certified Public Accountants in the publication Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (where applicable).

B. Financial Reporting Entity

The Sub-District's combined financial statements include the accounts of Fire Sub-District No. 1's operations. The criteria for including organizations as component units within the Sub-District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Sub-District holds the corporate powers of the organization
- the Sub-District appoints a voting majority of the organization's board
- the Sub-District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Sub-District
- there is fiscal dependency by the organization on the Sub-District

For financial reporting purposes, the Fire Sub - District No. 1 of West Baton Rouge Parish includes all funds, account groups, and activities that are controlled by, or dependent on, the Sub - District's executive and legislative branches (the chief executive officer and board of commissioners). The accompanying financial statements present only information on the funds maintained by the Sub - District and do not present information on any other governmental entity.

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1998

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

The accounts of Fire Sub - District No. 1 of West Baton Rouge Parish are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include assets, liabilities, fund equity, revenues and expenses or expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are utilized by the Sub - District:

Governmental Funds Types:

The General Fund is the main operating fund of the Sub-District. This fund is used to account for financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Fixed Assets:

The General Fixed Assets Account Group is used to account for the fixed assets used in governmental fund type operations.

General Long-Term Debt:

The General Long-Term Debt Account Group is used to account for the unmatured general long-term liabilities of the governmental unit.

D. Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types. 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. The Sub - District considers sales taxes available when in the hands of the intermediary collecting governments and are recognized as revenues at this time. Expenditures are recorded when the related fund liability is incurred.

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1998

1. Summary of Significant Accounting Policies (Continued)

E. Budget and Budgetary Accounting

The Sub - District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Executive in charge prepares a proposed budget and submits same to the Board of Commissioners prior to the beginning of each year.
2. The budget is adopted through passage of a resolution at the first board meeting of each fiscal year.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Commissioners.
5. Expenditures may exceed budgeted amounts providing funds are available and subsequent to the board's approval.
6. Formal budgetary integration is employed as a management control device. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. All budgetary appropriations lapse at the end of each fiscal year.

F. Encumbrances

Encumbrance accounting is not employed by the Sub - District.

G. Fixed Assets

The accounting and reporting treatment applied to fixed assets associated with a fund are determined by its measurement focus. All governmental fund type operations 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.

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1997

1. Summary of Significant Accounting Policies (Continued)

G. Fixed Assets (Continued)

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on such assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair value on the date donated. The Sub - District does not capitalize infrastructure (lines, hydrants, etc.) but records such expenditures as current expenses. The Sub - District does not capitalize construction period interest.

H. Compensated Absences

Employees of the District work part - time, and therefore, the District does not have a formal leave policy.

I. Total Columns on Statements

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

2. Cash and Cash Investments

Cash -

At December 31, 1998, the carrying amount of the Sub - District's deposits (cash) was \$258,998 and the bank balance was \$265,362. Of the bank balance, \$107,953 was covered by federal depository insurance, \$39,858 was covered by Securities Investor Protection Corporation (SIPC) and the remaining balance of \$117,551 was secured by deposit collateral consisting of pledged securities having a market value of \$450,000, held in the fiscal agent bank's name (Risk Category 3).

Investments -

Under state law, the District may invest in United States Bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days. At year end the Sub - District held no investments.

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1998

3. Restricted Cash

In accordance with Section 16 of the Resolution of the Board of Commissioners of West Baton Rouge Parish Fire Protection District No. 1, adopted on May 27, 1998 by the governing body of Fire Sub-District No. 1 of West Baton Rouge Parish, proceeds derived from the sale of Certificates of Indebtedness Series 1998A in the principal amount of \$250,000, are restricted for use in paying the cost of acquiring the "Project", as defined in the resolution as the construction and purchase of a fire station. At December 31, 1998, total cost paid on the project amounted to \$169,528, leaving \$80,472 of the proceeds available for use in the project.

4. Changes in General Fixed Assets

A summary of the general fixed asset group is as follows:

	Balance <u>Jan. 1, 1998</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 1998</u>
Equipment -				
Fire fighting	\$ 111,052	\$ 14,027	\$ 0	\$ 125,079
Office	7,769	5,425	0	13,194
Vehicles	88,666	0	0	88,666
Land	92,000	0	0	92,000
Construction in progress -				
- Fire Station	12,320	194,524	0	206,844
	-----	-----	-----	-----
	\$ 311,807	\$ 213,976	\$ 0	\$ 525,783
	=====	=====	=====	=====

5. Sales Tax Revenues

Sales tax revenues are collected by the West Baton Rouge Parish Sales Tax Department for the West Baton Rouge Fire Protection District No. 1 (the District). The Fire Sub - District No. 1 of West Baton Rouge Parish participates with other sub - districts in the District sales tax revenue, receiving 9.2% of the District's distributable portion. Sales tax revenues comprise 93% of total revenue received by the Sub - District in 1998.

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1998

6. Agreement with the Town of Addis

The Fire Sub - District entered into a local services agreement with the Town of Addis in January 1992 to provide fire protection within the Town. Under the terms of the agreement, the Town has agreed to do the following:

- 1) Lease all vehicles, equipment, and supplies belonging to the Town and for the use of the Addis Volunteer Fire Department to the Sub - District, provided that the Sub - District shall bear the cost of insurance coverage on all vehicles, equipment and supplies, said coverage to be approved by the Town with certificates of such insurance to be presented.
- 2) Permit the Sub - District to use the Town's existing fire stations and Old Town Hall during the term of the agreement, provided that the Sub - District shall provide insurance coverage thereon at least equal to the amount which the Town has in force on the date of the agreement and further provided that the Town is listed as an additional insured on the policy. However, insurance costs as to Station #2 shall be fifty (50%) percent to Town and Fifty (50%) percent to Sub District.

7. Related Party Transactions

The Sub-District entered into a lease agreement with the Town of Addis for the lease of one 1995 Ford Truck. The only consideration is for the Town to carry the truck on the Town's fleet policy. The District is responsible for all costs related to the truck including payment of the insurance premium.

8. Commitments

During 1998 the Sub-District authorized the sale of certificates of indebtedness in the amount of \$250,000, proceeds of which are to be used to finance the construction of the new fire station. The Sub-District entered into a construction contract in the amount of \$220,058. At December 31, 1998, \$155,843 has been paid, \$37,315 has been recorded as a current liability resulting in a balance of \$26,900, which will be paid in 1999.

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1998

9. General Long-Term Debt

Fire Protection District No. 1 of West Baton Rouge Parish and Fire Protection Sub-District No. 1 of West Baton Rouge Parish enter into a Local Services Agreement, effective April 1, 1998 for the public purposes of providing for the financing, construction, operation and maintenance of the new fire station in the Subdistrict and the ownership, operation and maintenance thereof by the Sub-District. The agreement stipulates that the District shall act as conduit issuer for and on behalf of the Sub-District as *necessary for incurring debt on behalf of and for the use and benefit of Sub-District No.1 under LRS 40:1506*. The agreement further states that Sub-District agrees to make all payments required to pay principal of and interest on the certificate as they respectively fall due from its portion of the District's parishwide 1/2 of 1% sales tax above statutory, necessary and usual charges of the Sub-District in each of the fiscal years during which the Certificate is outstanding.

On May 27, 1998 the governing board of Fire Protection Sub-District No. 1 approved a Resolution authorizing the incurring of debt and the issuance of a Certificate of Indebtedness, Series 1998A of West Baton Rouge Parish Fire Protection District No. 1, for the use and benefit of Fire Protection Sub-District No. 1 of West Baton Rouge Parish for the purpose of constructing and purchasing a fire station. This Certificate is issued as a single, fully registered certificate in the principal amount of \$250,000 with an interest rate of 5% per annum, and is subject to prepayment prior to maturity, in whole or in part, at a price of par and accrued interest on July 1, 2000 and any business day thereafter, upon thirty days notice. This certificate is secured by and payable as to principal and interest from an irrevocable pledge and dedication of the pledged revenues of the Sub- District.

Debt Service requirements to maturity are as follows:

Year Ending December 30,	Principal	Interest	Total Paid
1999	\$ 15,000	\$ 12,222	\$ 27,222
2000	20,000	11,750	31,750
2001	20,000	10,750	30,750
2002	25,000	9,750	34,750
2003	25,000	8,500	33,500
2004	25,000	7,250	32,250
2005	25,000	6,000	31,000
2006	30,000	4,750	34,750
2007	30,000	3,250	33,250
2008	<u>35,000</u>	<u>1,750</u>	<u>36,750</u>
Totals	<u>\$250,000</u>	<u>\$ 75,972</u>	<u>\$325,972</u>

Fire Sub - District No. 1 of West Baton Rouge Parish
Notes to the Financial Statements
December 31, 1998

10. Year 2000 Issues (Unaudited)

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.

The Sub-District 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 Sub-District's operations. Based on this inventory, the Sub-District is in the validation/testing stage in that hardware and software believed to be year 2000 compliant for the financial reporting systems has been purchased, installed and currently in use. Testing and validation of the systems will need to be completed.

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 Sub-District is or will be year 2000 ready, that the Sub-District's testing and validation efforts will be successful in whole or in part, or that parties with whom the Sub-District does business will be year 2000 ready.

SUPPLEMENTARY INFORMATION

Fire Sub - District No. 1 of West Baton Rouge Parish
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual - General Fund
 Year ended December 31, 1998

Schedule 1

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	1997
REVENUE:				
Intergovernmental - Parish:				
Sales tax	\$92,000	\$123,084	\$31,084	\$112,160
2% Fire Insurance Rebate	4,166	4,167	1	3,977
Interest income	2,100	4,588	2,488	2,743
Miscellaneous income	0	545	545	0
	-----	-----	-----	-----
Total revenues	98,266	132,384	34,118	118,880
EXPENDITURES:				
Current - Public Safety - Fire:				
Salaries	2,400	2,400	0	2,400
Gas and oil	900	408	492	503
Legal	2,500	2,668	(168)	1,400
Accounting	3,335	1,350	1,985	1,200
Official journal	1,000	654	346	350
Insurance	7,300	5,966	1,334	6,367
Utilities	3,500	3,815	(315)	3,685
Telephone	1,000	1,052	(52)	1,140
Office supplies	1,200	69	1,131	36
Dues and subscriptions	200	0	200	20
Repairs to buildings	300	0	300	318
Repairs to equipment	4,900	3,876	1,024	8,459
Computer upgrade	1,500	245	1,255	0
Hydrant expense	0	3,993	(3,993)	0
Tools and supplies	5,000	6,612	(1,612)	1,657
First aid supplies	1,000	1,252	(252)	1,295
Uniforms	1,500	702	798	304
Parish radio repairs	500	0	500	26
Miscellaneous	3,500	4,701	(1,201)	4,046
Medicare tax expense	60	35	25	92
OAB Tax expense	150	149	1	92
Training	2,000	755	1,245	1,396
	-----	-----	-----	-----
Total Current expenditures	43,745	40,702	3,043	34,785
Capital outlay	298,548	213,976	84,572	134,285
	-----	-----	-----	-----
Total expenditures	342,293	254,678	87,615	169,070
	-----	-----	-----	-----
Excess Revenues Over (Under) Expenditures	(244,027)	(122,294)	121,733	(50,190)

(Continued)

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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

To Mr. Carroll P. Bourgeois, Executive in Charge and
Members of the Board of Commissioners
Fire Sub - District No. 1 of West Baton Rouge Parish

I have audited the general purpose financial statements of the Fire Sub - District No. 1 of West Baton Rouge Parish, as of and for the year ended December 31, 1998, and have issued my report thereon dated June 23, 1999. I have 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 the Fire Sub - District No. 1 of West Baton Rouge Parish's general purpose 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 the Fire Sub - District No. 1 of West Baton Rouge Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose 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 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

This report is intended for the information of the Executive in charge and members of the Board of Commissioners of Fire Sub - District No. 1 of West Baton Rouge Parish and the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "W. Kathleen Beard".

W. Kathleen Beard
Certified Public Accountant
June 23, 1999