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**WARD 4 FIRE PROTECTION DISTRICT  
JACKSON PARISH, LOUISIANA  
COMPONENT UNIT FINANCIAL STATEMENTS  
AS OF AND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

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 11 4 1999

**KENNETH D. FOLDEN & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**WARD 4 FIRE PROTECTION DISTRICT  
Jackson Parish, Louisiana**

**Component Unit Financial Statements  
As of and for the Year Ended December 31, 1998**

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## INDEPENDENT AUDITORS' REPORT

Larry D. Avery, President  
and Members of the Board of Commissioners  
Ward 4 Fire Protection District  
P. O. Box 613  
Jonesboro, La. 71251

We have audited the accompanying financial statements of the Ward 4 Fire Protection District of Jackson Parish, Louisiana, a component unit of the Jackson Parish Police Jury, as of and for the year ended December 31, 1998. These financial statements are the responsibility of the Ward 4 Fire Protection District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 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.

As described more fully in Note 1, the financial statements of the Ward 4 Fire Protection District of Jackson Parish, Louisiana, are intended to present fairly only the financial position and results of operations of the Ward 4 Fire Protection District of Jackson Parish, Louisiana. The financial statements are not intended to present fairly the financial position and results of operations of the Jackson Parish Police Jury in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Ward 4 Fire Protection District of Jackson Parish, Louisiana, 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, we have also issued our report dated June 18, 1999, on our consideration of the Ward 4 Fire Protection District of Jackson Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

  
KENNETH D. FOLDEN & CO.  
Certified Public Accountants

Jonesboro, Louisiana  
June 18, 1999

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**Combined Balance Sheet, December 31, 1998**

GOVERNMENTAL FUND TYPE - GENERAL FUND	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	

**ASSETS AND OTHER DEBITS****Assets:**

Cash and cash equivalents	\$	137,133	\$	\$	137,133
Accounts receivable - Property taxes		40,667			40,667
Deposits		225			225
Land, plant, and equipment			406,482		406,482
Amt. to be provided for retirement of general long-term obligations				250,000	250,000
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>178,025</b>	<b>\$</b>	<b>406,482</b>	<b>\$</b> <b>834,507</b>

**LIABILITIES, EQUITY, AND****Liabilities:**

Accounts payable	\$	49,663	\$	\$	49,663
Long-term obligations				250,000	250,000
<b>Total Liabilities</b>		<b>49,663</b>	<b>NONE</b>	<b>250,000</b>	<b>299,663</b>

**Equity:**

Investment in general fixed assets			406,482		406,482
Fund balance - Unreserved - undesigned		128,362			128,362
<b>Total Equity</b>		<b>128,362</b>	<b>406,482</b>	<b>NONE</b>	<b>534,844</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$</b>	<b>178,025</b>	<b>\$</b>	<b>406,482</b>	<b>\$</b> <b>834,507</b>

The accompanying notes are an integral part of this statement.

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**  
**GOVERNMENTAL FUND TYPE - GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property taxes	\$ 104,000	\$ 92,455	\$ (11,545)
Charges for services	2,000	5,087	3,087
<b>Intergovernmental:</b>			
Police Jury fire grant	2,500	3,744	1,244
Fire insurance premium rebate	7,000	3,819	(3,181)
State grant		811	811
Interest	1,000	5,947	4,947
Contributions	500	958	458
<b>Total revenues</b>	<b>117,000</b>	<b>112,821</b>	<b>(4,179)</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Public safety:</b>			
Equipment operating cost	6,000	1,896	4,104
Equipment maintenance cost	10,000	15,991	(5,991)
Dues and subscriptions	150	388	(238)
Operating supplies	8,000	7,003	997
Building repair and maintenance	1,500	2,457	(957)
Advertising	200	698	(498)
Statutory deductions		4,000	(4,000)
Inspection	120	137	(17)
Lease	5,000		5,000
Insurance	6,000	4,483	1,517
Legal and accounting	3,000	3,662	(662)
Office supplies	2,000	3,099	(1,099)
Taxes and licenses		77	(77)
Training courses	1,000	483	517
Travel	600	191	409
Telephone and utilities	3,500	3,297	203
Miscellaneous	1,000	4,798	(3,798)
Capital outlay	274,930	219,919	55,011
<b>Debt service:</b>			
Principal retirement	17,500	34,900	(17,400)
Interest	2,000	1,647	353
<b>Total expenditures</b>	<b>342,500</b>	<b>309,126</b>	<b>33,374</b>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>(225,500)</b>	<b>(196,305)</b>	<b>29,195</b>

WARD 4 FIRE PROTECTION DISTRICT

Statement B

Jackson Parish, Louisiana

GOVERNMENTAL FUND TYPE - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 1998  
 (CONTINUED)

Budget	Actual	Variance Favorable (Unfavorable)
--------	--------	--

OTHER FINANCING SOURCES AND OTHER (USES)

Sale of timber	\$	\$ 1,354	\$ 1,354
Proceeds of certificate of indebtedness		250,000	
		<u>250,000</u>	<u>1,354</u>
Total other financing sources and other (uses)		250,000	251,354
		<u>250,000</u>	<u>251,354</u>

EXCESS (Deficiency) OF REVENUES AND OTHER  
 SOURCES OVER EXPENDITURES AND OTHER (USES)

		24,500	55,049	30,549
		<u>24,500</u>	<u>55,049</u>	<u>30,549</u>

FUND BALANCE AT BEGINNING OF YEAR

		73,313	73,313	
		<u>73,313</u>	<u>73,313</u>	

FUND BALANCE AT END OF YEAR

	\$	97,813	\$ 128,362	\$ 30,549
		<u>97,813</u>	<u>128,362</u>	<u>30,549</u>

The accompanying notes are an integral part of this statement.

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**

**Notes to the Financial Statements**  
**As of and for the Year Ended December 31, 1998**

**INTRODUCTION**

The Ward 4 Fire Protection District of Jackson Parish is located in the eastern and southern portions of Jackson Parish in northeast Louisiana. As provided by Louisiana Revised Statute 40:1495, the District is governed by a Board of Commissioners, which has five appointed members. Commissioners are residents of the District and are appointed by the Jackson Parish Police Jury for terms of two years. The members of the Board of Commissioners do not receive compensation.

The District was created to provide safety for the prevention and control of fires within the approximate 137 square mile area of the District. The District has acquired land, buildings, and equipment in the effort to achieve its goals. Residents of the district serve as volunteer firemen.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

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

**B. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Jackson Parish Police Jury is the financial reporting entity for Jackson Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 Jackson Parish Police Jury 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 police jury 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 police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
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.

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**  
**Notes to the Financial Statements (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. REPORTING ENTITY (Continued)**

Because the police jury approves the organization's governing body, and the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the Jackson Parish Police Jury, 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 police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING**

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

Funds of the District are classified as one category: governmental. This category is divided into one fund type. A description of this fund classification and the fund type follows:

**Governmental Funds**

Governmental funds account for all of the District's general activities, including the collection and disbursement of specific or legally restricted monies, and acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

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

**D. BASIS OF ACCOUNTING**

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

**Revenues**

Ad valorem taxes are assessed on a calendar year basis by the Tax Assessor of Jackson Parish. The Jackson Parish Tax Collector sends notices to property owners in either September or October. Taxes are due from property owners upon receipt of notice. Billed taxes become delinquent on December 31 of the current year. Ad valorem taxes attach as an enforceable lien on property as of December 31 of each year. The taxes are generally collected in December of the current year and January and February of the ensuing year.

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**  
**Notes to the Financial Statements (Continued)**

**D. BASIS OF ACCOUNTING (Continued)**

**Revenues (Continued)**

Ad valorem taxes are collected by the Jackson Parish Tax Collector and remitted to the Ward 4 Fire Protection District. Therefore, amounts received during the current period are recognized as revenue; and amounts collected by the Tax Collector during the current period and received by the District within 60 days after December 31 are recorded as a receivable.

A parcel fee is assessed on each parcel of immovable property situated within the Ward 4 Fire Protection District, in the amount of \$40 per year. Notices are sent to property owners in February by the Ward 4 Fire Protection District. Parcel fees become delinquent on April 10 of the current year. Parcel fees attach as an enforceable lien on property as of April 10 of each year. The fees are generally collected from February through April of the current year. Parcel fees are collected by the Ward 4 Fire Protection District. Amounts received during the current period are recognized as revenue.

Intergovernmental revenues are recorded when the District is entitled to the funds. Substantially all other revenues are recorded when received.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

**E. BUDGETS**

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets are adopted at least fifteen days before the year end and are made available for public inspection at that time. The Board of Commissioners must meet and approve all budget changes or amendments. At year end, all appropriations lapse. Budget amounts are as amended.

**F. ENCUMBRANCES**

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

**G. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash and cash equivalents of the District include an interest-bearing demand deposit and a passbook savings account. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**  
**Notes to the Financial Statements (Continued)**

**H. FIXED ASSETS**

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

**I. COMPENSATED ABSENCES**

There are no accumulated and vested benefits relating to vacation and sick leave as the District has no employees.

**J. LONG-TERM OBLIGATIONS**

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

**K. TOTAL COLUMNS OF 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 does not present financial position, results of operations, or changes in financial position 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. LEVIED TAXES**

The District was authorized and levied a 10.00 mill ad valorem tax.

**3. CASH AND CASH EQUIVALENTS**

At December 31, 1998, the District has cash and cash equivalents (book balances) totaling \$137,133, as follows:

Interest-bearing demand deposits	<u>\$ 137,133</u>
----------------------------------	-------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the District has \$138,835 in deposits (collected bank balances) at two banks. These deposits are secured from risk by \$111,932 of federal deposit insurance and \$252,500 of pledged securities held by the custodian bank in the name of the fiscal bank (GASB Category3).

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**  
**Notes to the Financial Statements (Continued)**

**4. FIXED ASSETS**

The changes in general fixed assets follow:

	<b>Balance January 1, 1998</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 1998</b>
<b>Land</b>	\$ 7,000	\$ 5,400	\$ 400	\$ 12,000
<b>Buildings and improvements</b>	79,679	1,322	10,000	71,001
<b>Furniture and equipment</b>	175,422	161,103	65,138	271,387
<b>Construction in progress</b>		52,094		52,094
<b>Total</b>	<b>\$ 262,101</b>	<b>\$ 219,919</b>	<b>\$ 75,538</b>	<b>\$ 406,482</b>

**5. PENSION PLANS**

The District does not participate in any pension or retirement plans.

**6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

In 1997, the District entered into a two year agreement with the Jonesboro State Bank for the purpose of purchasing equipment. All principal and interest requirements were funded by the annual ad valorem tax levied on taxable property within the District. The loan agreement provided for two annual installments with the interest rate being 5.75% per annum. The first installment was payable on February 1, 1998, and the final payment was due on February 1, 1999. The District elected to make both installments in 1998, thus paying off this agreement.

In 1998, the District entered into a ten year agreement with the Jonesboro State Bank for the purpose of constructing a fire station and purchasing equipment. All principal and interest requirements are funded by the annual ad valorem tax levied on taxable property within the District. The loan agreement provides for ten annual installments with the interest rate being 5.75% per annum. The first installment is payable on February 1, 1999, and the final payment is due on February 1, 1008. The following is a summary of the general long-term obligation transactions relating to the loan payable for the year ended December 31, 1998.

Balance at January 1, 1998	\$ 34,900
Additions	250,000
Payments	<u>34,900</u>
Loan payable at December 31, 1998	<u>\$ 250,000</u>

**WARD 4 FIRE PROTECTION DISTRICT**  
**Jackson Parish, Louisiana**  
**Notes to the Financial Statements (Continued)**

**6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS (Continued)**

The annual requirements to amortize the loan payable as of December 31, 1998, including estimated interest payments of \$79,575 are as follows:

Year ending December 31,	General Long-term Obligations
1999	\$ 32,957
2000	32,957
2001	32,957
2002	32,957
2003	32,957
2003-2008	<u>164,790</u>
Total	<u>\$ 329,575</u>

**7. LITIGATION AND CLAIMS**

The District is not involved in any litigation at December 31, 1998.

# Kenneth D. Folden & Co.

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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

Larry D. Avery, President  
and Members of the Board of Commissioners  
Ward 4 Fire Protection District  
P. O. Box 613  
Jonesboro, LA 71251

We have audited the general purpose financial statements of the Ward 4 Fire Protection District, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 18, 1999. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

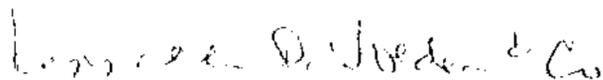
### Compliance

As part of obtaining reasonable assurance about whether the Ward 4 Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ward 4 Fire Protection District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



KENNETH D. FOLDEN & CO., CPAs

Jonesboro, Louisiana  
June 18, 1999

### Insurance

As stated in the prior year's audit, the District is not maintaining casualty insurance on its buildings. In the event of a fire or severe storm, the District could sustain substantial losses on its buildings. Therefore, we recommend that the District maintain casualty insurance on its buildings and property.

In a letter, dated June 18, 1999, the President of Ward 4 Fire Protection District stated that the District is constructing of a new fire station and anticipate purchasing casualty insurance upon its completion.

### Prior Year's Findings

The current status of the finding in the prior year audit report is as follows:

1. Insurance - As noted above, a repeat comment has been made.