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WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

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COMPONENT UNIT FINANCIAL STATEMENTS

December 31, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 08-23-00

Jim H. Stevens, Jr. & Company, L.L.P.
Certified Public Accountants
Springhill, Louisiana

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

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INDEPENDENT AUDITOR'S REPORT

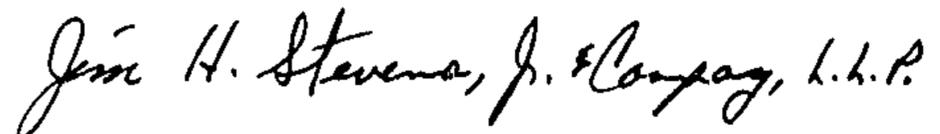
To the Members of the Board of Commissioners
Webster Parish Fire Protection District No. 6
Cullen, Louisiana

We have audited the accompanying component unit financial statements of Webster Parish Fire Protection District No. 6, a component unit of the Webster Parish Police Jury, as of December 31, 1999, and for the year then ended. These component unit financial statements are the responsibility of the Webster Parish Fire Protection District's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Webster Parish Fire Protection District No. 6, as of December 31, 1999, 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 a report dated May 18, 2000 on our consideration of Webster Parish Fire Protection District No. 6 internal control structure and a report dated May 18, 2000 on its compliance with laws and regulations.



Certified Public Accountants

May 18, 2000

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Combined Balance Sheet - all Fund Types and Account Groups
December 31, 1999

	<u>Governmental Fund</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>General Fixed Assets</u>	<u>December 31, 1999</u>
Assets and Other Debits:			
Cash	12,906		12,906
Investments	131,631		131,631
Accounts receivable:			
Ad valorem taxes - net	99,579		99,579
Other	615		615
Accrued interest	722		722
Fixed assets		474,773	474,773
Total assets and other debits	<u>245,453</u>	<u>474,773</u>	<u>720,226</u>
 Liabilities, Equity and Other Credits:			
Liabilities:			
Accounts payable	300		300
Accrued expenses	685		685
Total liabilities	<u>985</u>		<u>985</u>
 Equity and other credits:			
Investment in general fixed assets		474,773	474,773
Fund balance:			
Unreserved/undesignated	244,468		244,468
Total equity and other credits	<u>244,468</u>	<u>474,773</u>	<u>719,241</u>
 Total liabilities, equity and other credits	<u>245,453</u>	<u>474,773</u>	<u>720,226</u>

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund Type
For the Year Ended December 31, 1999

	Governmental Fund Type General 1999
Revenues:	
Ad valorem taxes	100,086
Fire insurance premium rebate	5,733
Intergovernmental revenues:	
Federal awards	1,059
Webster Parish Police Jury	780
Town of Cullen	25,000
Donations - Other	2,500
Miscellaneous	100
Interest Income	7,248
Total revenues	<u>142,506</u>
Expenditures:	
Current:	
General government	79,432
Capital outlay:	
Current expenditures	46,073
Total expenditures	<u>125,505</u>
Excess (deficiency) of revenues over (under) expenditures	17,001
Fund balance at beginning of year	<u>227,467</u>
Fund balance at end of year	<u><u>244,468</u></u>

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund For the Year Ended December 31, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	90,000	100,086	10,086
Fire insurance premium rebate	5,500	5,733	233
Intergovernmental revenues:			
Federal awards		1,059	1,059
Webster Parish Police Jury	780	780	
Town of Cullen		25,000	25,000
Donations - Other		2,500	2,500
Miscellaneous		100	100
Interest	8,000	7,248	(752)
Total revenues	104,280	142,506	38,226
Expenditures:			
Current:			
General government	68,962	79,432	(10,470)
Capital outlay:			
Current expenditures	34,000	46,073	(12,073)
Total expenditures	102,962	125,505	(22,543)
Excess (deficiency) of revenues over (under) expenditures	1,318	17,001	15,683
Fund balance at beginning of year	227,467	227,467	
Fund balance at end of year	228,785	244,468	15,683

See accompanying notes to the financial statements.

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements
December 31, 1999

The Webster Parish Fire Protection District No. 6 (the District) was created by the Webster Parish Police Jury by resolution on July 25, 1989, as provided under Louisiana Revised Statutes 40:1491 through 40:1501. The District is governed by a Board of Commissioners: two members appointed by the Webster Parish Police Jury, two members appointed by the Mayor and Board of Aldermen of the Town of Cullen, Louisiana, and one member appointed by the other four members. 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 component unit financial statements of Webster Parish Fire Protection District No. 6 have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Reporting Entity. These component unit financial statements include all funds and account groups over which the District exercises control, authority, management, influence or accountability. Control by or influence over the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of the governing body, and general oversight responsibility.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Webster Parish Police Jury for financial reporting purposes. The basic 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,
2. The ability of the police jury to impose its will on that organization, and
3. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

Because the police jury meets the above criteria, the District is determined to be a component unit of the Webster Parish Police Jury, the financial reporting entity. The accompanying component unit financial statements present information only on the fund and account group maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Fund Accounting. The District uses a fund (General Fund) and account groups to report on its financial position and the results of its operation. The operations of the fund is accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The account groups, on the other hand, are financial reporting devices designed to provide accountability for certain assets that are not recorded in the fund because they do not directly affect net expendable available financial resources and to provide accountability for long-term liabilities to be financed from the general fund. The fund (General Fund) is classified as a governmental fund. Governmental funds account for the general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt and all operating activities.

(Continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fixed Assets. The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type organizations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost, or estimated cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated.

The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Use of Estimates. The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 each year is prepared by the district chairman and treasurer and approved by the Board of Commissioners each year during the Board's last regular meeting of the prior year. The proposed budget is prepared on the modified accrual basis of accounting. The budget is legally adopted and amended, as necessary, by the Board of Commissioners. The Board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year-end and must be reappropriated in the next year's budget to be expended. The budget was amended in 1999.

Compensated Absences and Pension Plan. The District has one part-time and one full-time employee. The full-time employee started to work in 1999 and will not be eligible for vacation time until after one full year of service. There is no established sick pay policy. The District does not participate in the state sponsored employees pension plan at this time.

(Continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Bad Debts. An allowance for doubtful accounts has been established for ad valorem taxes, which are estimated by management to be uncollectible. The allowance is \$449 at December 31, 1999.

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 AND INVESTMENTS:

The carrying amount of the District's cash deposits total \$12,906, and the bank balance is \$13,009 at December 31, 1999. The deposits are in an interest bearing demand deposit account.

Investments held by the District consist of certificates of deposits with maturities in excess of three (3) months. These certificates of deposits total \$131,631 as of December 31, 1999.

Under state law, the deposits and the certificates of deposit must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The District has total deposits of \$144,640 at December 31, 1999.

The District's deposits are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes deposits that are insured or registered or for which securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name.

Collateral Description	1	2	3	Carrying Value	Market Value
FDIC Insurance	100,000			100,000	100,000
Secured by Pledge of U.S. Treasury Note			44,640	44,537	179,918
Totals	<u>100,000</u>		<u>44,640</u>	<u>144,537</u>	<u>279,918</u>

3. LEVIED TAXES:

In a special election on November 18, 1989, the voters of the District approved a levy of up to ten mills annually on property within the district for a period of ten years, beginning with the year 1989, for the purpose of acquiring, constructing, improving, maintaining and operating fire protection facilities and equipment. Property taxes were levied based on the values assessed by the Webster Parish Tax Assessor at a rate of 8.44 mills for 1999.

(Continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements
December 31, 1999

3. LEVIED TAXES: (Continued)

Property taxes attach as an enforceable lien on property as of January 1, of each year. Ad valorem taxes are recorded as receivables and revenue in the year assessed. Ad valorem taxes receivable at December 31, 1999, are \$100,028, less \$449 allowance for doubtful accounts.

4. CHANGES IN GENERAL FIXED ASSETS:

The changes in general fixed assets are as follows:

	Balance January 1, 1999	Additions	Balance December 31, 1999
Land	19,551	25,020	44,571
Buildings	47,406		47,406
Equipment	115,384	20,644	136,028
Vehicles	246,359	409	246,768
Total	428,700	46,073	474,773

5. PER DIEM PAID TO BOARD MEMBERS AND RELATED PARTY TRANSACTIONS:

Webster Parish Fire Protection District No. 6 has a 5 member voluntary board. The board members were paid a per diem, the treasurer and assistant fire chief were paid a salary, and the board members, treasurer, and assistant fire chief were reimbursed for out of pocket expenses and as volunteer firemen as follows:

	1999		
	Fees and Salary	Reimbursed Expenses	Fire Calls
B. T. Powell	600		826
L. Williamson	550		
Louie Newton	600		
Walter Dubberly	600		
J. Doyer	600		
Mark Eubanks, Asst. Fire Chief	23,925	496	1,181
Harold Nehls, Treasurer	1,200		
	28,075	496	2,007

(Continued)

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Notes to Financial Statements
December 31, 1999

6. LEASES:

The District entered into an operating lease effective May 1, 1993, with the Town of Cullen, Louisiana, for office space and rental of a fire station. The annual rental payment is \$1,800 per year with no stated expiration date. Expenditures under this lease for 1999 totals \$1,800.

7. COMMITMENTS AND CONTINGENT LIABILITIES:

The Fire District is a party to various legal actions normally associated with governmental entities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the Fire District.

8. SUBSEQUENT EVENTS, CONTINGENCY, YEAR 2000 COMPUTER GLITCH:

Management is aware of the Year 2000 Computer Problem (Y2K) and has taken the following steps:

- a. *Assessment of the problem indicated a potential for shutdown in the following area:*
 1. General ledger accounting system
- b. Management has upgraded the software to a version that is Year 2000 compatible.
- c. No other Year 2000 problems have been recognized subsequent to December 31, 1999.

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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
Webster Parish Fire Protection District No. 6
Cullen, Louisiana

We have audited the component unit financial statements and the combining, individual fund, and account group financial statements of Webster Parish Fire Protection District No. 6, a component unit of the Webster Parish Police Jury, for the year ended December 31, 1999, and have issued our report thereon dated May 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Webster Parish Fire Protection District No. 6'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned cost as item 99-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Webster Parish Fire Protection District No. 6's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted 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 judgment, could adversely affect Webster Parish Fire Protection District No. 6's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the finding listed in the schedule of findings and questions costs as item 99-1 to be a material weakness.

This report is intended for the information of the legislative auditor, management and the Webster Parish Police Jury. However, this report is a matter of public record and its distribution is not limited.

John H. Stevens, Jr. & Company, L.L.P.

Certified Public Accountants

May 18, 2000

WEBSTER PARISH FIRE PROTECTION DISTRICT NO. 6

Schedule of Findings and Questioned Costs December 31, 1999

Section I - Summary of Auditor's Results

Financial Statements

Type of Report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes

99-1: The majority of all accounting functions are performed by one person.

Reportable conditions identified not considered to be material weaknesses?

99-2: The District is in violation of LSA-RS. 39:1309 on its General Fund. Expenditures exceed budget by more than 5%.

Federal Awards

Not applicable

Section II - Financial Statement Findings

99-1:

Condition: As reported in the past, due to the small size of the district and the related economics and space limitations, the majority of all accounting functions are performed by one person.

Recommendation: None

Management's response: We concur with the condition noted, however, the addition of more accounting personnel to overcome the situation is not cost effective.

99-2:

Condition: Although the budget was amended on three occasions during the year, expenditures were still in excess of 5% over budget.

Recommendation: We recommend that the budget be used as a management tool and not just prepared to fulfill legal requirement.

Management's response: We concur with the condition noted and will use the budget and amend the budget as needed throughout the year.

Section III - Federal Award Findings and Questioned Costs

Not applicable