FIRE PROTECTION SUBDISTRICT NO. 2
OF WEST BATON ROUGE PARISH

General Purpose Financial Statements
Year Ended June 30, 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 local officials. The report is available for public inspection at the Legislative Auditor office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 10-28-98
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Donald C. DeVille
CERTIFIED PUBLIC ACCOUNTANT
7829 BLUEBONNET BLVD.
BATON ROUGE, LOUISIANA 70810
(504) 767-7829

INDEPENDENT AUDITOR'S REPORT

August 5, 1998

Board of Commissioners
Fire Protection Sub-District No. 2 of West Baton Rouge Parish
Brusly, Louisiana

I have audited the accompanying general purpose financial statements of the Fire Protection Sub-District No. 2 West Baton Rouge Parish as of June 30, 1998, and for the year then ended. These general purpose financial statements are the responsibility of the Fire Protection Sub-District No. 2 of West Baton Rouge Parish's management. My responsibility is to express an opinion of these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Fire Protection Sub-District No. 2 of West Baton Rouge Parish as of June 30, 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 a report dated August 5, 1998, on our consideration of Fire Protection Sub-District No. 2 of West Baton Rouge's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Respectfully submitted,

Donald C. DeVille
### FIRE PROTECTION SUBDISTRICT NO. 2
### OF WEST BATON ROUGE PARISH
### BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
### JUNE 30, 1998

<table>
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<tr>
<th>GOVERNMENTAL FUND TYPE</th>
<th>ACCOUNT GROUPS GENERAL</th>
<th>GENERAL LONG-TERM OBLIGATIONS (MEMORANDUM ONLY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Revenue</td>
<td>Fixed Assets</td>
<td>Total Assets</td>
</tr>
</tbody>
</table>

#### ASSETS
- **Cash and Cash Equivalents**: $54,966
- **Certificate of Deposit**: 251,637
- **Sales Taxes Receivable**: 17,813
- **Fixed Assets**: 0
- **Amount To Be Provided**: 0

**TOTAL ASSETS**: 324,416

#### LIABILITIES AND FUND EQUITY

**LIABILITIES**:
- **Accounts Payable**: $1,776
- **Employee Withholdings**: 969
- **Lease Obligations**: 0

**TOTAL LIABILITIES**: 2,745

**FUND EQUITY**:
- **Investment In General Fixed Assets**: 0
- **Fund Balance**:
  - **Unreserved - Undesignated**: 321,671

**TOTAL FUND EQUITY**: 321,671

**TOTAL LIABILITIES AND FUND EQUITY**: 324,416

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**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.**


FIRE PROTECTION SUBDISTRICT NO. 2
OF WEST BATON ROUGE PARISH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND TYPES - SPECIAL REVENUE
YEAR ENDED JUNE 30, 1998

**REVENUES**

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</th>
<th>ACTUAL</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$200,000</td>
<td>$201,639</td>
<td>$1,639</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>7,500</td>
<td>6,623</td>
<td>(877)</td>
</tr>
<tr>
<td>2% Insurance Rebate</td>
<td>4,000</td>
<td>8,773</td>
<td>4,773</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>211,500</td>
<td>217,035</td>
<td>5,535</td>
</tr>
</tbody>
</table>

**EXPENDITURES**

<table>
<thead>
<tr>
<th></th>
<th>BUDGET</th>
<th>ACTUAL</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Fees</td>
<td>6,615</td>
<td>4,324</td>
<td>2,291</td>
</tr>
<tr>
<td>Convention &amp; Special Training</td>
<td>4,500</td>
<td>4,592</td>
<td>(92)</td>
</tr>
<tr>
<td>Fire Equipment</td>
<td>11,500</td>
<td>14,473</td>
<td>(2,973)</td>
</tr>
<tr>
<td>Insurance</td>
<td>25,000</td>
<td>19,212</td>
<td>5,788</td>
</tr>
<tr>
<td>Interest</td>
<td>0</td>
<td>20</td>
<td>(20)</td>
</tr>
<tr>
<td>Maintenance</td>
<td>21,000</td>
<td>21,149</td>
<td>(149)</td>
</tr>
<tr>
<td>Matching Funds</td>
<td>1,500</td>
<td>0</td>
<td>1,500</td>
</tr>
<tr>
<td>Food</td>
<td>1,500</td>
<td>1,561</td>
<td>(61)</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>2,500</td>
<td>2,390</td>
<td>110</td>
</tr>
<tr>
<td>Postage</td>
<td>200</td>
<td>142</td>
<td>58</td>
</tr>
<tr>
<td>Printing</td>
<td>300</td>
<td>0</td>
<td>300</td>
</tr>
<tr>
<td>Professional Publications</td>
<td>2,000</td>
<td>2,544</td>
<td>(544)</td>
</tr>
<tr>
<td>Salaries</td>
<td>31,243</td>
<td>31,243</td>
<td>0</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,000</td>
<td>754</td>
<td>246</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,500</td>
<td>4,081</td>
<td>(581)</td>
</tr>
<tr>
<td>Uniforms</td>
<td>5,000</td>
<td>5,062</td>
<td>(62)</td>
</tr>
<tr>
<td>Utilities</td>
<td>2,200</td>
<td>1,689</td>
<td>511</td>
</tr>
<tr>
<td>Vehicle Expense</td>
<td>13,500</td>
<td>16,389</td>
<td>(2,889)</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,800</td>
<td>1,524</td>
<td>276</td>
</tr>
<tr>
<td><strong>CAPITAL OUTLAY</strong></td>
<td>170,500</td>
<td>21,945</td>
<td>148,555</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>306,158</td>
<td>153,889</td>
<td>152,269</td>
</tr>
</tbody>
</table>

**EXCESS OF REVENUES OVER EXPENDITURES**

(94,658)  63,146  157,804

**FUND BALANCE, BEGINNING OF YEAR**

258,525  258,525  0

**FUND BALANCE, END OF YEAR**

163,867  321,671  157,804

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.
FIRE PROTECTION SUBDISTRICT NO. 2
OF WEST BATON ROUGE PARISH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1998

INTRODUCTION
Fire Protection Sub-District No. 2 of West Baton Rouge Parish was established by the parish governing authority, West Baton Rouge Parish Police Jury, as provided by Louisiana Revised Statute (LRS) 40:1506. The Fire Sub-District was created to do and perform all acts necessary and proper for the purpose of providing fire protection service within the Brusly sub-district. The sub-district is governed by a chief executive officer and a board of commissioners, in accordance with LRS 40:1506 which provides that if a municipality is included within a sub-district, the governing body of the municipality shall be the governing body of the sub-district. The 1990 census population of the Sub-District was approximately 1,760 and the Fire Sub-District is a voluntary fire department with one permanent employee.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION
The accompanying financial statements of the West Baton Rouge Fire Protection Sub-District No. 4 have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. PRINCIPLES DETERMINING SCOPE OF REPORTING ENTITY
GASB Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. The basic criterion for the including a potential component unit within the reporting entity is financial accountability. GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointment of governing boards
2. Designation of management
3. Ability to significantly influence operations
4. Accountability for fiscal matters
5. Scope of public service

Because the Town of Brusly designates management and influences operations of the Fire Sub-District, it was determined to be a component unit of the Town of Brusly. The accompanying financial statements present information only on the funds maintained by the Fire Sub-District and do not present information on the Town of Brusly, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.
The Sub-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 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 available financial resources.

Funds of the Fire Sub-District are classified as governmental funds. Governmental funds account for the Fire Sub-District's 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. Governmental funds of the Fire Sub-District include:

**Special Revenue Fund** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**D. BASIS OF ACCOUNTING**

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

Revenues

Revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when received by the collecting governments and are recognized as revenue at that time.
D. BASIS OF ACCOUNTING (Continued)

Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues treated as susceptible to accrual are sales taxes and interest income.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting. Expenditures are recognized when the goods or services are received.

E. BUDGETS

Louisiana Local Government Budget Act, LSA-R.S. 39:1301-15 requires all governmental entities with proposed expenditures of $250,000 or more to prepare a comprehensive budget presenting a complete financial plan for the ensuing year. As the Sub-District has expenditures under $250,000, the Fire Sub-District does not fall within the Budget Act, but a budget was adopted.

F. ENCUMBRANCES

The Fire Sub-District does not use the encumbrance method of accounting.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits. Under state law, the Sub-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 principal offices in Louisiana.

H. INVENTORIES

Inventories in the governmental funds are considered immaterial and the expenditures are recognized when the items are purchased.

I. PREPAID ITEMS

Insurance and similar services which extend over more than one accounting period have been recognized as expenditures when paid.
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Public domain or infrastructure is not capitalized. Construction period interest is immaterial and is not capitalized. 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.

K. SALES TAXES

Sales tax revenues are collected by the West Baton Rouge Sales Tax Department for the West Baton Rouge Fire Protection District No. 1 (District). The Sub-District No. 2 participates with the other sub-districts in the district receiving 17.4% of the District's distributable portion.

L. TOTAL COLUMN ON COMBINED STATEMENTS

Total Column on the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to consolidation. Interfund eliminations have not been made in the aggregation of this data.
NOTE 2 - CASH AND CASH EQUIVALENTS

The Fire Sub-District had cash in a demand checking account at year-end as follow:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Cash</td>
<td>$250</td>
</tr>
<tr>
<td>Demand Account</td>
<td>19,908</td>
</tr>
<tr>
<td>Savings</td>
<td>34,808</td>
</tr>
<tr>
<td><strong>Total Cash &amp; Cash Equivalents</strong></td>
<td><strong>54,966</strong></td>
</tr>
</tbody>
</table>

Certificate of Deposit 251,636

Total Cash & Cash Equivalents 306,602

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 June 30, 1998, the Sub-District had $308,151 in deposits (collected bank balances). These deposits are insured from risk by $256,514 of federal deposit insurance and $125,000 of pledged securities (market value) held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 3 - RECEIVABLES

A summary of receivables follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Taxes</td>
<td>$17,813</td>
</tr>
</tbody>
</table>

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income.

The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.
NOTE 4 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets at year end follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance 7/1/97</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance 6/30/98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment &amp; Vehicles</td>
<td>$768,733</td>
<td>11,444</td>
<td>$-0-</td>
<td>$780,177</td>
</tr>
<tr>
<td>New Fire Station</td>
<td>-0-</td>
<td>10,500</td>
<td>-0-</td>
<td>10,500</td>
</tr>
<tr>
<td>Total</td>
<td>768,733</td>
<td>21,944</td>
<td>-0-</td>
<td>790,677</td>
</tr>
</tbody>
</table>

NOTE 5 - PENSION PLAN AND RETIREMENT COMMITMENTS

The Fire Sub-District does not have a pension plan nor offers post retirement benefits.

NOTE 6 - LITIGATION AND CLAIMS

As of June 30, 1998, the Fire Sub-District was not a defendant in any lawsuits and was not aware of any unasserted claims. No claims or litigation costs were incurred during the current year.

NOTE 7 - BOARD MEMBER COMPENSATION

No member of the board receives any compensation.
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

August 5, 1998

Board of Commissioners
Fire Protection Sub-District No. 2 of West Baton Rouge Parish
Brusly, Louisiana

I have audited the financial statements of the Fire Protection Sub-District No. 2 of West Baton Rouge Parish as of and for the year ended June 30, 1998, and have issued my report thereon dated August 5, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE
As part of obtaining reasonable assurance about whether Fire Protection Sub-District No. 2 of West Baton Rouge Parish's 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 Fire Protection Sub-District No. 2 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 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 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 we consider to be material weaknesses.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and distribution is not limited.
FIRE PROTECTION SUBDISTRICT NO. 2
OF WEST BATON ROUGE PARISH
PRIOR YEAR'S FINDINGS
YEAR ENDED JUNE 30, 1998

* * * *

NONE

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