

**CENTRAL FIRE PROTECTION DISTRICT NO.4
BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
YEAR ENDED DECEMBER 31, 2009**

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Central Fire Protection District No. 4
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of the Central Fire Protection District No. 4, as of and for the year ended December 31, 2009 which comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Central Fire Protection District No. 4's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Central Fire Protection District No. 4, as of December 31, 2009 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2010 on our consideration of Central Fire Protection District No. 4's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 8 and page 29, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Latuso + Johnson CPA

Baton Rouge, Louisiana

June 30, 2010

CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

MISSION STATEMENT

The District has the responsibility of providing services to the citizens of the Central Community in the protection of life and property from the perils of fire and other emergencies, through execution of the latest methods of rescue, first aid, and firefighting.

The District is a combination paid/volunteer fire service organization maintaining five stations, and an administration and training facility.

The District is dedicated to the preservation of life and property in the community and to continuously improve the capability and delivery of its public service.

The District will manage its fire service task with the highest regard for humanity, safety, property preservation, the environment, cost, and community well being.

Financial Analysis

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2009. Please read it in conjunction with the District's financial statements, which begin on page 9.

Financial Highlights

As anticipated during the budgeting process, expenses increased due to a variety of factors. There was an annual step increase for some employees. Employee compensation increased 2.8% during the year. Employee fringe benefits increased by 16.9%

Fuel costs decreased by \$20,293 or 46.4% during the year.

The balance on the Certificate of Indebtedness was decreased by the scheduled principal reduction of \$222,223.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Financial Highlights - (Continued)

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. These statements tell how these services were financed in the short term as well as what remains for future spending. Its operations are conducted solely through a general fund.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the full accrual basis of accounting. All of the current year's revenues and expenses are taken into account when the revenue is earned or the expense is incurred. These two statements report the District's net assets and changes in them. You can think of the District's net assets—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in the District's property tax base and state revenues to assess the overall health of the District.

The District's activities are reported as governmental activity. Property taxes, user charges, state revenue sharing, and insurance company taxes finance most of these activities. The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The fund financial statements begin on page 11. The general fund is reported using the modified accrual method of accounting and the current financial resources measurement focus, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds, (reported in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance) in the reconciliations on pages 13 and 14.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

The District As A Whole (Accrual Basis)

The District's beginning net assets were \$3,696,743 and ending net assets were \$3,820,306.

There were relatively few additions to capital assets this year. In fact the net capital decreased due to the depreciation in the amount of approximately \$120,000 that was recorded. There were no new capital leases.

Property taxes assessed in 2009 increased approximately 5.4% over 2008.

Table 1		
Net Assets (Accrual Basis)	2009	2008
Current assets	\$2,636,951	\$ 2,526,470
Capital assets (net of depreciation)	<u>2,546,820</u>	<u>2,666,421</u>
Total assets	5,183,771	5,192,891
Certificate of indebtedness outstanding	(1,055,553)	(1,277,776)
Other liabilities	<u>(307,842)</u>	<u>(218,372)</u>
Total liabilities	(1,363,395)	(1,496,148)
Net assets:		
Invested in capital assets, (net of debt and depreciation)	1,491,269	1,388,645
Restricted	None	None
Unrestricted	<u>2,329,107</u>	<u>2,308,098</u>
Total Net Assets	<u>\$3,820,376</u>	<u>\$ 3,696,743</u>

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Table 2		
Changes in Net Assets (Accrual Basis)	2009	2008
Fire protection user fees	\$ 348,878	\$ 345,925
Property taxes	1,592,832	1,509,203
Other general revenues	895,332	670,803
Total revenues	2,837,042	2,525,931
Program expenses:		
Salaries and related benefits	1,773,723	1,726,949
Repairs and maintenance	71,939	60,563
Legal and professional	22,810	23,866
Rental – fire hydrants	21,042	19,215
Insurance	77,411	84,799
Depreciation	169,729	244,304
Costs for collecting revenues	38,167	37,911
Supplies	100,504	127,444
Retirement costs – Other agencies	128,075	44,186
Utilities	26,982	29,989
Interest on Certificate of Indebtedness	48,806	58,303
Other	234,221	11,214
Total expenses	2,713,409	2,468,743
Increase in net assets	\$ 123,633	\$ 57,188

The District's total revenues increased by \$311,111, approximately 12%.

THE DISTRICT'S FUNDS

Governmental Funds (Modified Accrual): Table 3 shows the total cost and net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers for fire protection. The net cost represents the difference between the total costs and the fire protection service charges.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Table 3

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Totals	\$2,453,846	\$2,169,227	\$2,083,200	\$1,829,691

As the District completed the year, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$2,162,468, which is \$388,673 higher than last year's total of \$1,773,795.

General Fund Budgetary Highlights

Over the course of the year, the District revised the budget two times. The budget was revised to account for \$20,000 in state appropriations to purchase airbags for rescue units. The other change was to purchase a fire extinguisher training prop for \$7,863 through donation.

The budget is based on anticipated cash flows. Taxes and user charges expected to be collected during the year are budgeted. Expenditures are budgeted based on expected payment dates. The budgetary comparison uses modified cash basis revenues and expenditures. Some differences are due to the fact that the "actual" amounts include items that were received or paid in a different year, but were earned or incurred in this year. The notes to the financial statements include a reconciliation of the budget from modified cash basis to GAAP (full accrual) basis.

Capital Asset and Debt Administration

Capital Assets

At the end of 2009 the District had approximately \$4.7 million invested in capital assets, including fire equipment, buildings, and land. (See Table 4 below.) This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$119,599 for the year.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Table 4

Capital Assets at Year-end

	<u>2009</u>	<u>2008</u>
Land	\$ 264,018	\$ 264,018
Buildings and improvements	2,053,744	2,036,026
Equipment	2,359,964	2,355,223
Totals	4,677,726	4,655,267
Accumulated Depreciation	(2,130,906)	(1,988,846)
Net Book Value	\$2,546,820	\$ 2,666,421

There were \$52,803 in additions to fixed assets in 2009.

Debt

In previous years the District issued \$2,000,000 in debt to finance the payment to build two fire stations and purchase two fire engines. At the end of 2009 the amount remaining due on the debt was \$1,055,553.

Contacting The District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chief William M. Porche, Central Fire Protection District No. 4, 11646 Sullivan Road, Baton Rouge, LA 70818.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

		<u>Governmental Activities</u>
ASSETS		
Cash and cash equivalents	\$	403,907
Due from other governments		1,718,539
Property taxes receivable - Net of allowance		443,448
User charges receivable - Net of allowance		69,982
Prepaid expenses		1,075
Capital Assets :		
Land and buildings		2,317,762
Equipment		2,359,964
Accumulated depreciation		(2,130,906)
Total capital assets (net of depreciation)		<u>2,546,820</u>
Total assets	\$	<u><u>5,183,771</u></u>
LIABILITIES		
Accounts payable	\$	10,561
Accrued expenses and benefits payable		64,709
Accrued interest payable		19,572
Current portion of Certificate of Indebtedness		222,223
Long-term Liabilities :		
Certificate of Indebtedness		833,330
Compensated absences payable		131,909
OPEB liability		81,091
Total liabilities	\$	<u>1,363,395</u>
NET ASSETS		
Invested in capital assets, net of related debt		1,491,269
Unrestricted		2,329,107
Total net assets	\$	<u><u>3,820,376</u></u>

The accompanying notes are an integral part of these financial statements

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Expenses</u>	<u>Program Revenues Fees, Fines and Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets</u> <u>Governmental Activities</u>
Governmental:			
Fire protection:			
Payroll and Related Expenses	\$ 1,901,799	\$	
Supplies	100,504		
Occupancy	46,495		
Equipment	57,626		
Other	558,180		
Total Fire Protection Expenses	<u>2,664,604</u>	<u>348,878</u>	(2,315,726)
Interest and fiscal charges	48,806		(48,806)
Total governmental activities	<u>\$ 2,713,410</u>	<u>\$ 348,878</u>	<u>\$ (2,364,532)</u>

General revenues:

Taxes:

Property taxes, levied for fire protection	1,592,832
Other grants	363,594
State revenue sharing	286,977
State supplemental pay	117,638
Insurance taxes	106,583
Miscellaneous	11,890
Interest	<u>8,651</u>
Total general revenues and transfers	<u>2,488,165</u>
Change in net assets	<u>123,633</u>
Net assets - beginning	<u>3,696,743</u>
Net assets - ending	<u>\$ 3,820,376</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
 BALANCE SHEET
 GOVERNMENTAL FUND
 DECEMBER 31, 2009

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 403,907
Due from other governments	1,718,539
Property taxes receivable - Net	443,448
User charges receivable - Net	69,982
Prepaid expenses	1,075
Total Assets	<u>\$ 2,636,951</u>
 LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 10,561
Accrued expenses and benefits payable	64,709
Deferred revenue	399,213
Total liabilities	<u>\$ 474,483</u>
Fund balance:	
Unreserved	2,162,468
Total liabilities and fund balance	<u>\$ 2,636,951</u>

The accompanying notes are an integral part of these financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 1,845,307
Insurance taxes	106,583
Charges for services	370,646
Intergovernmental	408,319
Miscellaneous	383,063
Total revenues	<u>3,113,918</u>
EXPENDITURES	
Current:	
Fire protection	2,453,846
Debt Service:	
Principle payments on certificate of indebtedness	222,223
Interest expense	52,926
Total expenditures	<u>2,728,995</u>
Excess of revenues over expenditures	384,923
Other Financing Sources	
Proceeds from sale of assets	<u>3,750</u>
Net changes in fund balance	388,673
Fund balance - beginning of year	<u>1,773,795</u>
Fund balance - ending of year	<u><u>\$ 2,162,468</u></u>

The accompanying notes are an integral part of these financial statements.

**CENTRAL FIRE PROTECTION DISTRICT No. 4
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

Total fund balance for governmental fund \$ 2,162,468

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and buildings (net of depreciation)	\$ 1,897,114	
Equipment (net of depreciation)	649,706	
Total capital assets		2,546,820

Some of the District's taxes and user fees will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.

Property taxes	\$ 173,513	
Due from the government	192,207	
Service fees	33,493	
		399,213

Capital leases, compensated absences and other long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities.

Balances at December 31, 2008

Certificate of Indebtedness	\$ (1,055,553)	
Accrued interest on certificate of indebtedness	(19,572)	
Compensated absences	(131,909)	
OPEB liability	(81,091)	
Total long term liabilities		(1,288,125)

Total net assets of governmental activities \$ 3,820,376

The accompanying notes are an integral part of these financial statements.

**CENTRAL FIRE PROTECTION DISTRICT No. 4
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2009**

Net change in fund balance - total governmental fund (page 12)	\$	388,673
The change in net assets for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities only the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$169,729) exceeds capital outlays (\$5,2803) in the current period.		
		(116,926)
Repayment of certificate of indebtedness is an expenditure in the governmental funds but reduces the liability in the statement of net assets.		222,223
Governmental funds report the gross proceeds from disposed assets. However, in the statement of activities the gain(loss) on these disposed assets are reported in Miscellaneous Income. Assets with an original cost of \$30,344 and accumulated depreciation of \$30,344 were disposed of in the current year.		(2,675)
Increase in accrued compensation		(12,742)
Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized for transactions that are normally not available within 60 days after year end. In the statement of activities however, which is presented on the accrual basis, revenues are reported regardless of when they are expected to be received. This amount combines the changes in deferred revenues in the following accounts:		
Property taxes	\$	(252,474)
Revenue sharing		(3,705)
User fees		(21,770)
		(277,949)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This amount combines the following net changes:		
Decrease in accrued interest	\$	4,120
Increase in OPEB liability		(81,091)
		(76,971)
Change in net assets of governmental activities (page 10)	\$	123,633

The accompanying notes are an integral part of these financial statements.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FORMATION AND OPERATIONS

Effective January 1, 2009, the District became a separate operational unit acting independently from the City/Parish. In prior years, the District operated as a component unit within the City/Parish system.

The purpose of the District is to provide fire protection for the citizens of the District. The District serves approximately 35,000 individuals. The District employs permanent full-time employees and part-time employees. It also employs temporary employees as needed. Limited services are provided through volunteers. No value is attributed to the volunteer services in the accompanying financial statements.

A five-member board governs the District. Two board members are appointed by the City/Parish and two are appointed by the Central City Council. The fifth member is appointed by the other board members. No members are compensated.

B. BASIS FOR PRESENTATION AND ACCOUNTING

The accompanying financial statements of the District as of December 31, 2009 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the primary standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:514 and the Louisiana Governmental Audit Guide.

Government-wide Statements: The statement of net assets and the statement of activities display information about the District. The District's activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The government-wide financial statements are reported using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, including property taxes and user fees, are recorded in the year assessed.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the District. Program revenues include user fees paid by the property owners in the District.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B. BASIS FOR PRESENTATION AND ACCOUNTING - (CONTINUED)

Fund Financial Statements: The fund financial statements provide information about the District's activities, all of which are reported in the general fund. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and user fees are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and compensated absences, which are recognized as expenditures only to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

General fund: This is the District's operating fund. It accounts for all financial resources of the District.

C. REPORTING ENTITY

The Board of Commissioners has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14. There are no component units included within the reporting entity.

D. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits and time deposit accounts. The District considers short-term (maturity of 90 days or less), highly liquid investments as cash equivalents. 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.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

E. BUDGET

The budget was prepared and approved by the board in December, 2008. There were two amendments to the 2009 budget. The Board of Commissioners approved the amendments in August, 2009. The accompanying Budgetary Comparison Schedule presents comparisons of the legally adopted budget with actual data. Because accounting principles applied for purposes of developing data on a budgetary basis differs significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entity differences in the excess of revenues and other sources of financial resources over expenditures and other uses of financial resources for the year ended December 31, 2009 is presented below:

Deficit of revenues and other sources of financial resources over expenditures and other uses of financial resources (Budgetary basis)	\$ (83,167)
To adjust revenues for increase (decrease) in accrued income:	
Intergovernmental	76,496
Property taxes	119,269
User charges	925
To adjust expenditures for (increase) decrease in accrued expenses:	
Salaries	(12,742)
Interest	4,120
Retirement costs	(2,799)
OPEB liability	(81,091)
To adjust capital outlay and depreciation:	
Capital outlay capitalized in statement of net assets	52,803
Depreciation recorded in statement of activities	(169,729)
Net book value of capitalized assets disposed	(2,675)
Principal payment on certificate of indebtedness	<u>222,223</u>
Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	<u>\$ 123,633</u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

F. CAPITAL ASSETS

Capital assets are recorded in the fund financial statements as expenditures at time of purchase and are capitalized in the Statement of Net Assets. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date received. Assets over \$1,000 are capitalized.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture, office equipment	5
Motor vehicles (fire trucks)	15
Buildings	40
Firefighting equipment	10
Radio, communications equipment	10

G. COMPENSATED ABSENCES

The District's policies relating to vacation, sick leave, and compensatory time are summarized as follows: Vacation leave is determined by the number of years of service and accrues each pay period. Accrued vacation leave is carried over from year to year up to a maximum of 1,800 hours for employees "grandfathered" under the policy which was in effect at December 31, 1999. Hourly and salaried employees may accumulate up to 240 hours of vacation.

In some cases employees can earn compensatory time in lieu of overtime. For each hour worked over the scheduled hours, the employee earns 1½ hours of compensatory time. Eligible employees may accumulate up to 240 hours of compensatory time.

No cash payment is made for unused sick time.

H. LONG-TERM OBLIGATIONS

Long-term obligations, including compensated absences and certificate of indebtedness, are expected to be financed from governmental funds.

I. FUND EQUITY

Fund balances consist of undesignated balances.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

J. PROGRAM REVENUES

Program revenues consist of user charges. These are accounted for in the District's Statement of Activities as program revenues.

2. CASH AND CASH EQUIVALENTS

At December 31, 2009, the District has cash and cash equivalents as follows:

	<u>Book Balances</u>	<u>Bank Balances</u>
Interest bearing demand deposits	\$403,907	\$452,558

Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these bank balances. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed 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, 2009 deposits were secured from unlimited risk to June 30, 2010 and after by \$250,000 of federal deposit insurance and approximately \$1,038,000 of pledged securities held by the trust department of the fiscal agent bank. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the trust department of the fiscal agent bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS

The following is a summary of receivables at December 31, 2009:

	<u>Property Taxes</u>	<u>User Charges</u>	<u>Due from Other Governments</u>
Amounts receivable	\$ 777,248	\$ 185,482	\$1,718,539
Less estimated uncollectible amounts	<u>(333,800)</u>	<u>(115,500)</u>	<u>-</u>
Net receivable	<u>\$ 443,448</u>	<u>\$ 69,982</u>	<u>\$1,718,539</u>

The allowance represents taxes and user charges not expected to be collected within the next year. Due from other governments consists of property taxes and user fees collected by the sheriff's office and Louisiana Revenue Sharing amounts promised, but not yet remitted to the district.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

4. CHANGES IN GENERAL FIXED ASSETS

	<u>Equipment</u>	<u>Land</u>	<u>Building</u>	<u>Accumulated Depreciation</u>	<u>Totals</u>
Balance at December 31, 2008	\$2,355,223	\$264,018	\$2,036,026	\$(1,988,846)	\$2,666,421
Additions	35,085	-	17,718	(169,729)	(116,926)
Disposals	<u>(30,344)</u>	<u>-</u>	<u>-</u>	<u>27,669</u>	<u>(2,675)</u>
Balance at December 31, 2009	<u>\$2,359,964</u>	<u>\$264,018</u>	<u>\$2,053,744</u>	<u>\$(2,130,906)</u>	<u>\$2,546,820</u>

Depreciation expense recorded for the year ended December 31, 2009 was \$169,729.

5. COMPENSATED ABSENCES

At December 31, 2009 employees of the District have accumulated and vested \$131,909 of vacation benefits and compensatory time.

6. PROPERTY TAX REVENUES

The Sheriff of East Baton Rouge Parish, as provided by LRS 33:1435, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts. December tax collections remitted to the District by the Sheriff in January are reported as "Due from other governments".

The 2009 property tax calendar was as follows:

Levy date	November 25, 2008
Millage rates adopted	November 25, 2008
Tax notices mailed	November 28, 2009
Due date	December 31, 2009
Lien date	January 1, 2010

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, they bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required to sell a portion or all of the property to settle the taxes and interest owed. Therefore, a substantial portion of the taxes are collected by year-end.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

6. PROPERTY TAX REVENUES - (CONTINUED)

An allowance for uncollectible taxes is deducted from the gross taxes assessed and recorded in the current year. Uncollectible taxes are those taxes which, based on historical data, are not expected to be collected in the subsequent year and are primarily due to subsequent adjustments of the tax rolls. All of the property taxes receivable is recorded on the government wide financial statements.

Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The property taxes collected by the sheriff within 60 days of year end are considered available and are recorded as such on the governmental fund financial statements.

7. USER CHARGES

The District is empowered to assess a user charge of \$32 for each residential and commercial structure in the District. The District has an agreement for the sheriff to place the user charges on the property tax statements. They are subject to the same enforcement procedures as property taxes.

An allowance for uncollectible user charges is deducted from the gross user charges assessed and recorded in the current year. Uncollectible user charges are those user charges which, based on historical data, are not expected to be collected in the subsequent year. All of the user charges receivable are recorded on the government wide statements. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. The user charges collected by the sheriff within 60 days of year end are considered available and are recorded as such on the governmental fund financial statements.

8. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

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

	<u>Compensated Absences</u>	<u>Loan Cert of Indebt</u>	<u>Totals</u>
Balance at December 31, 2008	\$119,168	\$1,277,776	\$1,396,944
Principal reduction on cert. of indebtedness	-	(222,223)	(222,223)
Increase in compensated absences	<u>12,741</u>	-	<u>12,741</u>
Balance at December 31, 2009	<u>\$131,909</u>	<u>\$1,055,553</u>	<u>\$1,187,462</u>

Current portion of long term obligations as of December 31, 2009 is \$222,223.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

8. CHANGES IN GENERAL LONG-TERM OBLIGATIONS - (CONTINUED)

The long term obligation outstanding at December 31, 2009 is a result of the issuance of two certificates of indebtedness: the first on September 9, 2004 and the second on February 24, 2005. The obligations bear an interest rate of 4.45%.

The annual principal and interest payments on long-term obligations outstanding at December 31, 2009 are as follows:

<u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 222,223	\$ 42,028	\$ 264,251
2011	222,223	32,139	254,362
2012	222,223	22,250	244,473
2013	222,218	12,361	234,579
2014	<u>166,666</u>	<u>3,708</u>	<u>170,374</u>
	<u>\$1,055,553</u>	<u>\$112,486</u>	<u>\$1,168,039</u>

9. PENSION PLAN

Firefighters' Retirement System Pension Plan

The District also contributes to the Firefighters' Retirement System Pension Plan (Plan), a cost-sharing, multiple-employer, defined benefit pension plan. Any person who became a regular full time employee of the District after 1998 became a member of this system. The retirement system was placed under the management of a board of trustees. The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Membership in the Louisiana Firefighter's Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

9. PENSION PLAN - (CONTINUED)

Firefighters' Retirement System Pension Plan - (Continued)

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy

Plan members are required by state statute to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the prior fiscal year. The District's contributions to the System for the year ending December 31, 2009 was approximately \$151,000. Employee contributions to the System for the year ending December 31, 2009 was approximately \$91,000.

10. DEFERRED COMPENSATION PLAN

The department has a deferred compensation plan established under Internal Revenue Code section 457. The plan covers substantially all employees. Participants elect to defer a portion of their salaries and there are no contributions made by the District. The amounts deferred from the employees' salaries are subject to the claims of general creditors of the District until the amounts are remitted to the administrator of the plan. The administrators of the plan determine the uses of the plan assets, including the payment of benefits. The district has no additional fiduciary responsibility. There were no employee deferrals in 2009.

11. SUPPLEMENTAL SALARIES

During the year, the full time employees received additional pay in the amount of \$117,637 from the State of Louisiana. This amount was recorded in revenue as intergovernmental revenue. An offsetting expenditure was recorded in salaries and related benefits.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Central Fire District No. 4 OPEB plan is a single-employer defined benefit "substantive plan" as understood by the employer and its employees. The plan provides health insurance benefits to eligible retirees and their spouses. There is no written plan that exists or sanctions by law. The OPEB plan is reported based on communications to plan members. The OPEB plan does not issue a stand-alone financial report.

There are presently 28 active members and 2 retirees receiving benefits.

Retirees may continue their coverage paying the same premiums and receiving the same benefits as they did ten years before their retirement.

Funding Policy

The health plan was funded with employer payment of the premiums. The employer portion of pay-as-you-go OPEB insurance premiums are allocated over all participates in the OPEB plan.

The employer contributions to the OPEB plan totaled \$128,853 which approximates 9.5% of gross payroll.

Annual OPEB cost and net OPEB obligation

The District's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized as unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the district's net OPEB obligation to plan.

Annual required contribution (ARC)	\$ 91,321
Less: Contributions made	<u>(10,230)</u>
Increase in net OPEB obligation	81,091
Net OPEB obligation - beginning of year	<u>-0-</u>
Net OPEB obligation - end of year	<u>\$ 81,091</u>

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year follows. The information for the year ended December 31, 2009, was calculated by an actuary as of December 31, 2009:

<u>Annual OPEB cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase to net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
\$91,321	11.2%	\$81,091	\$81,091

Funding Status and Funding Progress

The funding status of the plan as of December 31, 2009, from the most recent actuarial valuation shows the plan is unfunded by \$81,091. The covered payroll (annual payroll of active employees covered by the plan) was \$591,000 and the ratio of the unfunded actuarial accrued liability of \$781,174, to the covered payroll was 132%.

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS - (CONTINUED)

The individual entry age-actuarial cost method was used for the December 31, 2009 actuarial valuation. Because the district currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investments that are expected to be used in financing the payment of benefits). The actuarial assumptions included a two percent investment rate of return. Life expectancies were based on the RP2000 Mortality Table set forward ten years. Turnover rates were based on standard turnover assumptions. The agency's unfunded actuarial accrued liability is being amortized using a level percentage of payroll with an amortization period of 30 years.

NOTE 13: SUBSEQUENT EVENTS

Management of the District has evaluated all subsequent events through June 30, 2010, the date the financial statements were available to be issued. No additional disclosures by management are considered necessary.

NOTE 14: BOARD OF COMMISSIONERS

The District is governed by a Board of Commissioners. The members receive no compensation or per diem allowances for their service.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Board of Commissioners
Central Fire Protection District No. 4
Baton Rouge, Louisiana

We have audited the financial statements of the Central Fire Protection District No. 4 (the District), as of and for the year ended December 31, 2009 which comprises the District's basic financial statements and have issued our report thereon dated June 30, 2010. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

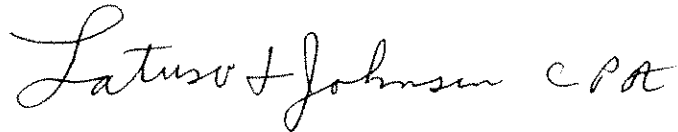
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.



Baton Rouge, Louisiana
June 30, 2010

CENTRAL FIRE PROTECTION DISTRICT No. 4
 Non GAAP Basis
BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,473,250	\$ 1,473,250	\$ 1,473,563	\$ 313
Insurance taxes	105,500	105,500	106,583	1,083
Charges for services	343,000	343,000	347,953	4,953
Intergovernmental	604,700	624,700	691,713	67,013
Interest earnings	15,000	15,000	8,651	(6,349)
Miscellaneous	2,750	10,613	14,565	3,952
Total revenues	<u>2,544,200</u>	<u>2,572,063</u>	<u>2,643,028</u>	<u>70,965</u>
EXPENDITURES				
Salaries	1,349,600	1,349,600	1,343,559	6,041
Employee benefits	434,250	434,250	458,810	(24,560)
Contractual services	332,200	332,200	381,569	(49,369)
Supplies	107,000	107,000	100,504	6,496
Other	-	-	108,601	(108,601)
Capital outlay	321,150	349,013	333,152	15,861
Total expenditures	<u>2,544,200</u>	<u>2,572,063</u>	<u>2,726,195</u>	<u>(154,132)</u>
Excess of expenditures over revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,167)</u>	<u>\$ (83,167)</u>

See auditors' report.

CENTRAL FIRE PROTECTION DISTRICT NO. 4

SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COST

YEAR ENDED DECEMBER 31, 2009

Summary of Auditor's Results

Financial Statements

Type of report issued

Unqualified

Internal control over financial reporting:

- Material weaknesses identified

___ yes x no

- Significant deficiency (ies) identified that are not considered to be material weaknesses.

___ yes x none reported

Noncompliance material to financial notes

___ yes x no

Financial Statements Findings

None

Findings and Questioned Cost

None