

**CENTRAL FIRE PROTECTION DISTRICT NO.4
BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2008**

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INDEPENDENT AUDITOR'S 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, a component unit of the City of Baton Rouge/Parish of East Baton Rouge as of and for the year ended December 31, 2008 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, 2008 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 April 7, 2009 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 26, 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.

Latessa & Johnson, CPA

Baton Rouge, Louisiana
April 7, 2009

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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, 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, 2008. 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. During the year 6 new fire positions were established to assist with fire operations. There was an annual step increase for some employees. Employee compensation increased 27% during the year. The increase was primarily due to new positions and additional hours required due to Hurricane Gustav.

Firefighting gear was purchased for new recruits and total supplies increased due to general cost increases. Insurance costs increased 71% due to back charges from prior years.

Repairs and maintenance for both buildings and equipment increased to cover the additional stations and equipment. Training costs increased due to the cost of rookie schools.

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

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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. The District is a component unit of the City of Baton Rouge/ Parish of East Baton Rouge. 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 12. 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 reconciliation on page 12.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

The District As A Whole (Accrual Basis)

The District's beginning net assets were \$3,639,555 and ending net assets were \$3,696,743.

There were relatively few additions to capital assets this year. In fact the net capital assets decreased due to the depreciation in the amount of approximately \$244,000. There were no new capital leases.

Property taxes assessed in 2008 increased approximately 16% over 2007.

Table 1		
Net Assets (Accrual Basis)	2008	2007
Current assets	\$ 2,526,470	\$ 2,432,074
Capital assets (net of depreciation)	2,666,421	2,892,983
Total assets	5,192,891	5,325,057
Certificate of indebtedness outstanding	(1,277,776)	(1,499,999)
Other liabilities	(218,372)	(185,503)
Total liabilities	(1,496,148)	(1,685,502)
Net assets:		
Invested in capital assets, (net of debt and depreciation)	1,388,645	1,392,984
Restricted	None	None
Unrestricted	2,308,098	2,246,571
Total Net Assets	<u>\$ 3,696,743</u>	<u>\$ 3,639,555</u>

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Table 2		
Changes in Net Assets (Accrual Basis)		
	2008	2007
Fire protection user fees	\$ 345,925	\$ 340,647
Property taxes	1,509,203	1,228,806
Other general revenues	670,803	587,959
Total revenues	2,525,931	2,157,412
Program expenses		
Salaries and related benefits	1,726,949	1,370,326
Repairs and maintenance	60,563	54,185
Legal and professional	23,866	15,245
Rental – fire hydrants	19,215	18,765
Insurance	84,799	49,595
Depreciation	244,304	234,952
Costs for collecting revenues	37,911	34,456
Supplies	127,444	83,476
Retirement costs – Other agencies	44,186	38,288
Utilities	29,989	27,237
Interest on Certificate of Indebtedness	58,303	68,846
Other	11,214	33,606
Total expenses	2,468,743	2,028,977
Increase (decrease) in net assets	\$ 57,188	\$ 128,435

The District's total revenues increased by \$368,519, approximately 17%.

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, 2008**

Table 3

Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Totals	\$2,169,227	\$1,838,888	\$1,829,691	\$1,504,235

As the District completed the year, its governmental fund (as presented in the balance sheet on page 11) reported a fund balance of \$1,773,795, which is \$50,044 lower than last year's total of \$1,823,839.

General Fund Budgetary Highlights

Over the course of the year, the District revised the budget five times. The budget was revised to allow for the purchase of two emergency generators (\$50,000), purchase of thermal imaging camera (\$6,200), the cost of six additional firefighters (\$161,351), operating expenses (\$29,250) and increased operating costs due to Hurricane Gustav (\$76,597). The two generators were not purchased until 2009. Of the above expenditures, the cost was offset by additional grants received in the amount of \$246,800.

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 2008 the District had \$4.7million 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 \$227,000 for the year.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Table 4

Capital Assets at Year-end

	2008	2007
Land	\$ 264,018	\$ 264,018
Buildings and improvements	2,036,026	2,030,687
Equipment	2,355,223	2,386,387
Totals	4,655,267	4,681,092
Accumulated Depreciation	(1,988,846)	(1,788,109)
Net Book Value	\$ 2,666,421	\$ 2,892,983

There were \$17,743 in additions to fixed assets in 2008. There were no assets sold during the year.

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 2008 the amount remaining due on the debt was \$1,277,776.

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, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 247,982
Due from other governments	1,444,352
Property taxes receivable - Net	745,417
User charges receivable - Net	88,719
Capital Assets :	
Land and buildings (net)	2,300,044
Equipment, (net)	2,355,223
Accumulated depreciation	<u>(1,988,846)</u>
Total Capital Assets (net of depreciation)	<u>2,666,421</u>
Total Assets	<u><u>\$ 5,192,891</u></u>
LIABILITIES	
Accounts payable	\$ 13,499
Accrued expenses and benefits payable	62,013
Accrued interest payable	23,692
Current portion of Certificate of Indebtedness	222,223
Long-term Liabilities :	
Certificate of Indebtedness	1,055,553
Compensated absences payable	<u>119,168</u>
Total liabilities	<u>\$ 1,496,148</u>
NET ASSETS	
Invested in capital assets, net of related debt	1,388,645
Unrestricted	<u>2,308,098</u>
Total net assets	<u><u>\$ 3,696,743</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, 2008**

	<u>Expenses</u>	<u>Program Revenues Fees, Fines and Charges for Services</u>	<u>Net (Expenses) Revenue and Changes in Net Assets</u>
Governmental:			<u>Governmental Activities</u>
Fire protection:			
Payroll and Related Expenses	\$ 1,726,949		\$
Supplies	127,444		
Occupancy	100,132		
Equipment	239,584		
Other	216,331		
Total Fire Protection Expenses	<u>2,410,440</u>	<u>345,925</u>	(2,064,515)
Interest and fiscal charges	58,303		(58,303)
Total governmental activities	<u>\$ 2,468,743</u>	<u>\$ 345,925</u>	<u>\$ (2,122,818)</u>

General revenues:

Taxes:

Property taxes, levied for fire protection	1,509,203
State supplemental pay	85,000
State revenue sharing	293,200
Insurance taxes	104,218
Other grants	146,021
Interest	24,647
Miscellaneous	17,717
Total general revenues and transfers	<u>2,180,006</u>
Change in net assets	57,188
Net assets - beginning	3,639,555
Net assets - ending	<u><u>\$ 3,696,743</u></u>

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

CENTRAL FIRE PROTECTION DISTRICT NO. 4
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2008

	General Fund
ASSETS	
Cash and cash equivalents (Note 2)	\$ 247,982
Due from other governments (Note 3)	1,444,352
Property taxes receivable - Net (Note 3)	745,417
User charges receivable - Net (Note 3)	88,719
Total Assets	<u>\$ 2,526,470</u>
 LIABILITIES AND FUND BALANCE	
Accounts payable	\$ 13,499
Accrued expenses and benefits payable	62,013
Deferred revenue	677,163
Total liabilities	<u>\$ 752,675</u>
Fund balance:	
Unreserved	<u>1,773,795</u>
Total liabilities and fund balance	<u>\$ 2,526,470</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, 2008**

Total fund balance for governmental fund \$ 1,773,795

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)	\$ 1,930,624	
Equipment (net of depreciation)	735,797	
Total capital assets		2,666,421

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	\$ 425,988	
Due from City Parish	195,912	
Service fees	55,263	677,163

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	\$(1,277,776)	
Accrued interest on certificate of indebtedness	(23,692)	
Compensated Absences	(119,168)	
Total long term liabilities		(1,420,636)

Total net assets of governmental activities \$ 3,696,743

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, 2008**

	<u>General Fund</u>
REVENUES	
Property taxes	\$ 1,393,973
Insurance taxes	104,218
Charges for services	339,536
Intergovernmental	378,200
Miscellaneous	188,385
Total revenues	<u>2,404,312</u>
EXPENDITURES	
Current:	
Fire Protection	2,169,227
Debt Service:	
Principle payments on certificate of indebtedness	222,223
Interest expense	62,906
Total expenditures	<u>2,454,356</u>
Excess (deficiency) of revenues over expenditures	(50,044)
Other Financing Sources	
Proceeds from sale of assets	<u>0</u>
Net changes in fund balance	(50,044)
Fund balance - beginning of year	<u>1,823,839</u>
Fund balance - ending of year	<u><u>\$ 1,773,795</u></u>

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

**CENTRAL FIRE PROCETION No. 4
RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2008**

Net change in fund balance - total governmental fund (page 13) \$ (50,044)

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 was more than capital outlays (in the current period.) \$ (244,304)
17,743
(226,561)

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 and accumulated depreciation of were disposed of in the current year. \$ 43,567
43,567
-

Increase in accrued compensation (14,652)

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	\$ 115,230	
Revenue sharing	0	
User fees	<u>6,389</u>	121,619

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:

Accrued interest in current year	\$ (23,692)	
Accrued interest in prior year	<u>28,295</u>	4,603

Change in net assets of governmental activities (page 10) \$ 57,188

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, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FORMATION AND OPERATIONS

Pursuant to an intergovernmental agreement between the City/Parish and the District effective January 1, 1996, the District became a separate operational unit acting independently from the City/Parish. Prior to January 1, 1996, the District operated 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. No members are compensated.

B. BASIS FOR PRESENTATION AND ACCOUNTING

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, 2008

1. 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.

The accompanying financial statements of the District as of December 31, 2008 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.

C. REPORTING ENTITY

As the governing authority, for reporting purposes, the City/Parish is the primary government. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City/Parish 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. Because the City/Parish Metropolitan Council appoints two members to the District's governing body and

- (1) Has the ability to impose its will on the District, and
- (2) The District has the potential to provide specific financial benefits to or impose specific financial burdens on the City/Parish

The District was determined to be a component unit of the City/Parish. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the City/Parish, the general government services provided by that primary government, or the other general governmental units that comprise the City/Parish financial reporting entity.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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.

E. BUDGET

The budget was prepared and approved by the board in 2007. There were five amendments to the 2008 budget. The Board of Commissioners approved the amendments in February, July and December 2008. 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, 2008 is presented below:

Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources (Budgetary basis)	\$ (210,852)
To adjust revenues for increase (decrease) in accrued income:	
Intergovernmental	52,530
Property taxes	240,911
User charges	5,168
To adjust expenditures for (increase) decrease in accrued expenses:	
Salaries	(24,944)
Interest	4,603
Retirement costs	(5,897)
To adjust capital outlay and depreciation:	
Capital outlay capitalized in statement of net assets	17,743
Depreciation recorded in statement of activities	(244,304)
Net book value of capitalized assets disposed	-0-
Principal payment on certificate of indebtedness	<u>222,222</u>
Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	<u>\$ 57,188</u>

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. 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 is 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.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

I. FUND EQUITY

Fund balances consist of undesignated balances.

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, 2008, the District has cash and cash equivalents as follows:

	<u>Book Balances</u>	<u>Bank Balances</u>
Interest bearing demand deposits	\$ 247,982	\$ 291,262

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, 2008 deposits were secured from risk by \$250,000 of federal deposit insurance and approximately \$1,400,000 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, 2008:

	<u>Property Taxes</u>	<u>User Charges</u>	<u>Due from Other Governments</u>
Amounts receivable	\$ 888,792	\$ 204,953	\$1,444,352
Less estimated uncollectible amounts	<u>(143,375)</u>	<u>(116,234)</u>	<u>-</u>
Net receivable	<u>\$ 745,417</u>	<u>\$ 88,719</u>	<u>\$1,444,352</u>

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

3. RECEIVABLES AND DUE FROM OTHER GOVERNMENTS - (CONTINUED)

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.

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, 2007	\$2,386,387	\$264,018	\$2,030,686	\$(1,788,109)	\$2,892,982
Additions	12,403	-	5,340	(244,304)	(226,561)
Disposals	(43,567)	-	-	43,567	-
Balance at December 31, 2008	<u>\$2,355,223</u>	<u>\$264,018</u>	<u>\$2,036,026</u>	<u>\$(1,988,846)</u>	<u>\$2,666,421</u>

Depreciation expense recorded for the year ended December 31, 2008 was \$244,304.

5. COMPENSATED ABSENCES

At December 31, 2008 employees of the District have accumulated and vested \$119,168 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 2008 property tax calendar was as follows:

Levy date	July 23, 2008
Millage rates adopted	July 23, 2008
Tax notices mailed	November 28, 2008
Due date	December 31, 2008
Lien date	January 1, 2009

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, 2008**

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, 2007	\$104,517	\$1,499,999	\$1,604,516
Principal reduction on cert. of indebtedness	-	(222,223)	(222,223)
Increase in compensated absences	<u>14,651</u>	<u>-</u>	<u>14,651</u>
Balance at December 31, 2008	<u>\$119,168</u>	<u>\$1,277,776</u>	<u>\$1,396,944</u>

Current portion of long term obligations as of December 31, 2008 is \$222,223.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

The long term obligation outstanding at December 31, 2008 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% and require an annual principal reduction of \$166,667 on February 1st and \$55,556 on August 1st of each year, through 2013 and 2014, respectively.

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.

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.

**CENTRAL FIRE PROTECTION DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

9. PENSION PLAN - (CONTINUED)

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 13.75% 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 2008 was approximately \$131,000. Employee contributions to the System for the year ending December 31, 2008 was approximately \$80,000.

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 2008.

11. SUPPLEMENTAL SALARIES

During the year, the full time employees received additional pay in the amount of \$85,000 from the State of Louisiana. This amount was recorded in revenue as intergovernmental revenue. An offsetting expenditure was recorded in salaries and related benefits.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND 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), a component unit of the City of Baton Rouge/Parish of East Baton Rouge, as of and for the year ended December 31, 2008 which comprised the District's basic financial statements and have issued our report thereon dated April 7, 2009. 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 opinions 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 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.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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 direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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, and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

Atkins & Johnson, CPA

Baton Rouge, Louisiana
April 7, 2009

CENTRAL FIRE PROTECTION DISTRICT No. 4
Non GAAP Basis
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 1,265,949	\$ 1,265,949	\$ 1,268,292	\$ 2,343
Insurance taxes	105,940	105,940	104,210	(1,730)
Charges for services	340,500	340,500	340,757	257
Intergovernmental	339,520	586,321	471,691	(114,630)
Interest earnings	41,150	41,150	24,647	(16,503)
Miscellaneous	2,500	2,500	17,717	15,217
Total revenues	<u>2,095,559</u>	<u>2,342,360</u>	<u>2,227,314</u>	<u>(115,046)</u>
EXPENDITURES				
Salaries	1,086,514	1,262,813	1,344,184	(81,371)
Employee benefits	332,228	374,180	351,924	22,256
Contractual services	303,317	101,417	311,743	(210,326)
Supplies	89,500	346,547	127,444	219,103
Capital outlay	284,000	334,000	302,871	31,129
Total expenditures	<u>2,095,559</u>	<u>2,418,957</u>	<u>2,438,166</u>	<u>(19,209)</u>
Excess of expenditures over revenues	-	<u><u>\$ (76,597)</u></u>	<u><u>\$ (210,852)</u></u>	<u><u>\$ (134,255)</u></u>

See auditor's report.