

**LAFOURCHE PARISH FIRE PROTECTION
DISTRICT No. 1
LAFOURCHE PARISH, LOUISIANA**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5.19.04



STAGNI & COMPANY, LLC

Lafourche Parish Fire Protection District No. 1
LAFOURCHE PARISH, LOUISIANA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2003

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Lafourche Parish Fire Protection District No. 1
LAFOURCHE PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

This discussion and analysis of the Lafourche Parish Fire Protection District No. 1 financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2003.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations assets exceeded liabilities by \$ 749,448 (net assets).
- Total net assets are comprised of the following:
 - (1) Invested in capital assets of \$450,912 including the cost of trucks and equipment, net of accumulated depreciation and net of related debt.
 - (2) Restricted for debt service of \$87,016.
 - (3) Unrestricted net assets of \$211,520 representing the portion available to maintain the continuing obligations to citizens and creditors.
- Total spending for all public safety activities was \$280,212 for the year, which was \$228,500 more than the program revenues for these activities - \$51,712.
- The general revenues used to offset the deficit for program expenditures totaled \$351,304 for the year.
- The governmental funds reported total ending fund balance of \$298,536, of which \$211,520 was considered unreserved and \$87,016 was considered reserved for debt service. This compares to the prior year ending fund balance - of \$155,350, showing an increase of \$143,186 during the current year.
- Total revenue reported for all governmental funds was \$403,016. Total expenditures were \$259,830, including \$64,950 of capital expenditures and \$77,027 of debt service expenditures. This resulted in an excess of revenue over expenditures for the year of \$143,186.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report

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LAFOURCHE PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Lafourche Parish Fire Protection District No. 1 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 as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the Lafourche Parish Fire Protection District No. 1.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The Lafourche Parish Fire Protection District No. 1 utilizes mainly the governmental type of fund with the following accounting approach. Most of the 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. These funds are reported using an accounting method called modified accrual accounting, 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 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 programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net assets increased by \$122,804 as a result of this year's operations, which indicates that the overall financial position improved during the year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net

Lafourche Parish Fire Protection District No. 1
LAFOURCHE PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

assets represents the accumulated results of all past years' operations. Total revenues generated by governmental activities for the year were \$403,016 (\$51,712 in program revenues and \$351,304 in general revenues). The total cost of all public service programs and services was \$280,212.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Lafourche Parish Fire Protection District No. 1 uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental funds reported a combined fund balance of \$298,536. This reflects an increase of \$143,186 from last year. This increase is primarily the result of the events and programs described within the analysis of the governmental activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no amendments to the original budget for the General Fund during the year.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, for governmental activities at year-end was \$1,057,683. This year there was \$64,950 of additions and deletions of \$5,519 to capital assets. Depreciation of \$136,104 was recorded on capital assets. More detailed information about the capital assets is presented in Note 6 to the financial statements.

LONG-TERM DEBT

At year-end, the Lafourche Parish Fire Protection District No. 1 had \$598,000 in general obligations bonds outstanding – a decrease of 7% over last year. The Lafourche Parish Fire Protection District No. 1 does not plan on issuing any more new debt to finance major capital improvements, but will be reviewing bond market conditions for financing future year capital expenditures. More detailed information about long-term liabilities is presented in Note 7 to the financial statements.

Lafourche Parish Fire Protection District No. 1
LAFOURCHE PARISH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's adopted budget for the general fund include:

| | |
|-----------------------------------|-----------|
| Projected Beginning Balance | \$202,000 |
| Anticipated Income for 2004 | 335,495 |
| Anticipated Expenditures for 2004 | (537,104) |
| Excess Expenditures over Revenues | (201,609) |
| Projected Ending Balance | \$391 |

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Lafourche Parish Fire Protection District No. 1 finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Bobby Saffel, Chairman
P.O. Box 156
Raceland, LA 70394

FINANCIAL SECTION



STAGNI & COMPANY, LLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Of the Lafourche Parish Fire Protection District No. 1,

We have audited the accompanying basic financial statements of Lafourche Parish Fire Protection District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of Lafourche Parish Fire Protection District No. 1'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. 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Fire Protection District No. 1, as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the Notes to the basic financial statements, the Lafourche Parish Fire Protection District No. 1 adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of July 1, 2001. This results in a change in the format and content of the basic financial statements.

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To the Board of Commissioners,
Of the Lafourche Parish Fire Protection District No. 1,
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated March 11, 2004, on our consideration of the Lafourche Parish Fire Protection District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This Required Supplementary Information is the responsibility of the management of the Lafourche Parish Fire Protection District No. 1. 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Other Supplemental Information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Lafourche Parish Fire Protection District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Stagni & Company

Thibodaux, LA
March 11, 2004



LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Statement of Net Assets

December 31, 2003

ASSETS

Current Assets:

| | |
|-----------------------------------|----------------|
| Cash | \$ 297,516 |
| Ad valorem taxes receivable | 31,172 |
| Due from other governmental units | 340,071 |
| Deposits | 1,020 |
| Total current assets | <u>669,779</u> |

Noncurrent assets:

| | |
|---|------------------|
| Capital Assets, net of accumulated depreciation | <u>1,057,683</u> |
|---|------------------|

TOTAL ASSETS

\$ 1,727,463

LIABILITIES

Current Liabilities:

| | |
|-----------------------------------|----------------|
| Deferred revenue | 371,243 |
| Bonds Payable-Current | 48,000 |
| Accrued Interest on Bonds Payable | 8,771 |
| Total current liabilities | <u>428,014</u> |

| | |
|-----------------------------|----------------|
| Bonds Payable-long term | 550,000 |
| Total long term liabilities | <u>550,000</u> |

TOTAL LIABILITIES

978,014

NET ASSETS

| | |
|---|----------------|
| Invested in capital assets, net of related debt | 450,912 |
| Restricted for: | |
| Debt Service | 87,016 |
| Unrestricted | 211,520 |
| Total net assets | <u>749,448</u> |

| | |
|----------------------------------|----------------------------|
| Total liabilities and net assets | <u>\$ 1,727,463</u> |
|----------------------------------|----------------------------|

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1
LAFOURCHE PARISH, LOUISIANA

Statement of Activities - Governmental Activities
 For the Year Ended December 31, 2003

| | <u>Expenses</u> | <u>Charges for services</u> | <u>Program Revenue</u> | <u>Operating Grants</u> | <u>Net (Expense) Revenue</u> |
|-------------------------------|-----------------|-----------------------------|------------------------|-------------------------|--------------------------------------|
| FUNCTIONS/PROGRAMS | | | | | |
| Public safety activities: | 280,212 | \$ 16,125 | \$ 35,587 | | \$ (228,500) |
| Total governmental activities | <u>280,212</u> | <u>16,125</u> | <u>35,587</u> | | <u>(228,500)</u> |
| GENERAL REVENUES | | | | | |
| Ad valorem taxes | | | | | 341,925 |
| State Revenue Sharing | | | | | 9,379 |
| TOTAL GENERAL REVENUES | | | | | <u>351,303</u> |
| CHANGE IN NET ASSETS | | | | | 122,803 |
| NET ASSETS: | | | | | |
| Beginning of year | | | | | 626,645 |
| End of year | | | | | <u><u>\$ 749,448</u></u> |

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Balance Sheet - Governmental Funds

December 31, 2003

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------|---|
| ASSETS | | | |
| Cash | \$ 210,500 | \$ 87,016 | \$ 297,516 |
| Ad valorem taxes recievable | 24,164 | 7,008 | 31,172 |
| Due from other governmental units | 263,621 | 76,450 | 340,071 |
| Deposits | 1,020 | | 1,020 |
| Total assets | <u>\$ 499,305</u> | <u>\$ 170,474</u> | <u>\$ 669,779</u> |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Deferred revenue | \$ 287,785 | \$ 83,458 | \$ 371,243 |
| Total liabilities | <u>287,785</u> | <u>83,458</u> | <u>371,243</u> |
| EQUITY | | | |
| Fund balances-reserved for debt service | | 87,016 | 87,016 |
| Fund balances-unreserved, undesignated: | 211,520 | | 211,520 |
| Total equity and other credits | <u>211,520</u> | <u>87,016</u> | <u>298,536</u> |
| Total liabilities & equity | <u>\$ 499,305</u> | <u>\$ 170,474</u> | |

RECONCILIATION TO STATEMENT OF NET ASSETS:

Amounts reported for governmental activities in the statement of net assets are different because:

The net book value of capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

1,057,683

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds Payable (598,000)
Accrued interest on Bonds (8,771)

(606,771)

Net assets of governmental activities

\$ 749,448

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended December 31, 2003

| | General Fund | Debt Service | Total Governmental Funds |
|--|-------------------|------------------|--------------------------------|
| REVENUES | | | |
| Taxes-ad valorem | \$ 265,059 | \$ 76,866 | \$ 341,925 |
| State of Louisiana: | | | |
| State Revenue Sharing | 9,379 | | 9,379 |
| Insurance Rebate | 35,587 | | 35,587 |
| Lafourche Communication District | 10,800 | | 10,800 |
| Other | 3,884 | 1,441 | 5,325 |
| TOTAL REVENUES | <u>324,709</u> | <u>78,307</u> | <u>403,016</u> |
| EXPENDITURES | | | |
| General government - current: | | | |
| Ad valorem tax deductions | 11,263 | | 11,263 |
| Ad valorem tax adjustments | 5 | | 5 |
| Total general government - current | <u>11,268</u> | | <u>11,268</u> |
| Public safety - current: | | | |
| Fire Fighting Equipment | 169 | | 169 |
| Insurance | 38,052 | | 38,052 |
| Operating Exp-Trucks | 3,030 | | 3,030 |
| Maintenance-Trucks | 14,211 | | 14,211 |
| Turn Out Gear | - | | - |
| SCBA | 6,502 | | 6,502 |
| Nozzles & Fittings | - | | - |
| Hoses | 140 | | 140 |
| Maintenance -Buildings | 8,610 | | 8,610 |
| Utilities | 18,398 | | 18,398 |
| Telephone | 5,018 | | 5,018 |
| Communications | 857 | | 857 |
| Publications | 491 | | 491 |
| Fire Prevention Week | 2,785 | | 2,785 |
| Professional Services | 6,065 | | 6,065 |
| Leases | 500 | | 500 |
| Training | 273 | | 273 |
| Miscellaneous | 1,482 | | 1,482 |
| Total public safety - current | <u>106,585</u> | | <u>106,585</u> |
| Capital expenditures | 64,950 | | 64,950 |
| Total capital expenditures | <u>64,950</u> | | <u>64,950</u> |
| Debt Service: | | | |
| Principal Retirement | - | 42,000 | 42,000 |
| Interest and fiscal charges | - | 35,027 | 35,027 |
| Total debt service | - | <u>77,027</u> | <u>77,027</u> |
| TOTAL EXPENDITURES | <u>182,803</u> | <u>77,027</u> | <u>259,830</u> |
| Excess (deficiencies) of revenues over expenditures | 141,906 | 1,280 | 143,186 |
| OTHER FINANCING SOURCES(USES) | | | |
| Transfers in (out) | (22,468) | 22,468 | - |
| Total other financing sources and uses | <u>(22,468)</u> | <u>22,468</u> | <u>-</u> |
| Net change in fund balance | 119,438 | 23,748 | 143,186 |
| FUND BALANCES | | | |
| Beginning of year | 92,082 | 63,268 | 155,350 |
| End of year | <u>\$ 211,520</u> | <u>\$ 87,016</u> | <u>\$ 298,536</u> |

See notes to financial statements.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
As of and for the year ended December 31, 2003

Net change in fund balances - total governmental funds \$ 143,186

Amounts reported for *governmental activities* in the statement of activities
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual fund.
Governmental activities report depreciation expense to allocate the cost of those
capital assets over the estimated useful lives of the asset.

| | | |
|--|------------------|-----------------|
| Capital Outlay purchases | \$ 64,950 | |
| Depreciation Expense | <u>(136,104)</u> | |
| Excess of capital outlay over depreciation expense | | <u>(71,154)</u> |

Repayment of long-term debt is reported as an expenditure in governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets.
In the current year, these amounts consist of:

| | | |
|---------------------------|------------------|---------------|
| Bond principal retirement | <u>\$ 42,000</u> | |
| | | <u>42,000</u> |

Some items reported in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures in
governmental funds:

| | | |
|---------------------------|-----------------|--------------|
| Accrued interest on Bonds | <u>\$ 8,771</u> | |
| | | <u>8,771</u> |

| | | |
|---|--|-------------------|
| Change in net assets of governmental activities | | <u>\$ 122,803</u> |
|---|--|-------------------|

See notes to the financial statements and accountant's report.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Lafourche Parish, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2003

The Lafourche Parish Council adopted a resolution creating Fire Protection District No. 1 of the Parish of Lafourche, Louisiana and defining and describing the boundaries thereof on May 13, 1953. The District comprises that territory within the present boundaries of Police Jury Wards three and seven of Lafourche Parish. The District has all the rights and powers and privileges granted by and conferred by the Constitution and Statutes of the State of Louisiana, including the right to incur debt, issue bonds, and levy taxes.

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units. As the governing authority of the parish, the Lafourche Parish Council is considered to be the primary government for financial reporting purposes for the Parish of Lafourche.

Component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable. The criteria used in determining whether financial accountability exists include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Lafourche Parish, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2003

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Reporting Entity (Continued)

2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The District is considered a component unit of the Lafourche Parish Council, if applying the criteria above. This decision is based on the fact that the Parish Council appoints the voting majority of the Board of Commissioners of the District.

C. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1
Lafourche Parish, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2003

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Fund Accounting (Continued)

Governmental Funds (Continued)

General Fund - The General Fund is used to account for all financial resources and expenditures except those that are required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and related costs.

D. Measurement Focus / Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1
Lafourche Parish, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2003

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

D. Measurement Focus / Basis of Accounting (Continued)

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2002 property taxes which were levied to finance the 2003 budget are recognized as revenue in 2003. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Lafourche Parish, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2003

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Operating Budgets

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District. The Board, as allowed by state law, does not obtain public participation in the budget process.

The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. All budgeted amounts that are not expended or obligated through contracts lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

G. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. Receivables

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1
Lafourche Parish, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2003

Note 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. Capital Assets

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

| <u>CATEGORY</u> | <u>LIFE</u> |
|-----------------|-------------|
| BUILDINGS | 25 YEARS |
| TRUCKS | 15 YEARS |
| EQUIPMENT | 5 YEARS |

J. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Note 2

DEPOSITS AND INVESTMENTS

At December 31, 2003 the District has recorded cash balances (all deposits) of \$297,516 and bank balances totaling \$297,853. These deposits are stated at cost, which approximates market. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Lafourche Parish, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2003

Note 2 **DEPOSITS AND INVESTMENTS (Continued)**

At year-end the deposits are secured from risk by \$152,815 of federal deposit insurance and \$267,473 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial 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.

Note 3 **AD VALOREM TAXES**

Property taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2003 was \$10.00 per \$1,000 of assessed valuation on property within Lafourche Parish Fire Protection District No. 1 for the purpose of maintaining and operating fire protection facilities and programs, and \$2.90 per \$1,000 for the purpose of payment of general long term debt, principal, interest, and related costs for the District.

Note 4 **COMPENSATION OF BOARD MEMBERS**

No compensation was paid to Board Members during the year ended December 31, 2003.

Note 5 **DUE FROM OTHER GOVERNMENTAL UNITS**

The amounts due from other governmental units at December 31, 2003 consisted of ad valorem tax collections due from the Lafourche Parish Tax Collector to be remitted to the District in January 2004.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1

Lafourche Parish, Louisiana

Notes to the Financial Statements

For the Year Ended December 31, 2003

Note 6 **CAPITAL ASSETS**

A schedule of changes in capital assets follows:

| Governmental activities | Balance 12/31/02 | Additions | Donations/ Adjustment | Deletions | Balance 12/31/03 |
|--------------------------------|-----------------------------|------------------|----------------------------------|------------------|-----------------------------|
| Land | \$ 64,500 | | | | \$ 64,500 |
| Stations & Equipment | 695,586 | \$32,757 | | | 728,343 |
| Trucks & Equipment | 1,443,064 | 20,558 | \$ 16,283 | (\$5,519) | 1,474,386 |
| Other Equipment | 106,804 | 11,636 | | | 118,440 |
| Total Depreciable assets | \$2,245,454 | \$64,951 | \$16,283 | (\$5,519) | \$2,321,169 |
| Total Assets | \$2,309,954 | | | | \$2,385,669 |

Less accumulated depreciation:

| | | | |
|----------------------|-------------|-----------|-------------|
| Stations & Equipment | \$305,618 | \$ 33,033 | \$ 338,651 |
| Trucks & Equipment | 866,497 | 92,605 | 959,102 |
| Other Equipment | 19,767 | 10,466 | 30,233 |
| Totals | \$1,191,882 | \$136,104 | \$1,327,986 |

| | | | |
|---------------------|-------------|------------|-------------|
| Capital assets, net | \$1,118,072 | (\$60,389) | \$1,057,683 |
|---------------------|-------------|------------|-------------|

Depreciation expense for the year was \$136,104 recorded as governmental activities.

LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 1
Lafourche Parish, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2003

Note 7 **LONG TERM DEBT**

At December 31, 2003, the District had outstanding a Certificate of Indebtedness bearing interest at a rate of 8.5% payable through February 1, 2008 and General Obligation Bonds bearing interest at 11% to 5.45% payable through April 1, 2015.

A summary of changes in long-term obligations of the District is as follows:

| | Payable December 31, 2002 | | | Payable December 31, 2003 |
|------------------|---------------------------------|--|-----------------|---------------------------------|
| GOB, Series 1995 | \$520,000 | | \$25,000 | \$495,000 |
| COI, Series 1998 | 120,000 | | 17,000 | 103,000 |
| TOTALS | \$640,000 | | \$42,000 | \$598,000 |

The annual requirements, including interest, to amortize all long-term debt outstanding at December 31, 2003 are as follows:

| MATURITY | GOB | COI | TOTAL |
|---------------|------------------|------------------|------------------|
| 2004 | \$56,828 | \$23,091 | \$79,919 |
| 2005 | 55,185 | 23,089 | 78,274 |
| 2006 | 53,520 | 24,006 | 77,526 |
| 2007 | 56,700 | 23,841 | 80,541 |
| 2008 | 54,740 | 23,623 | 78,363 |
| 2009-2013 | 284,400 | | 284,400 |
| 2014-2015 | 121,580 | | 121,580 |
| Totals | \$682,953 | \$117,650 | \$800,603 |

Note 7 **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

REQUIRED SUPPLEMENTAL
INFORMATION

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2003

| | Budget Final | Actual | Variance Favorable (Unfavorable) |
|--|-----------------|-------------------|--|
| REVENUES | | | |
| Taxes | \$ 254,849 | \$ 265,059 | \$ 10,210 |
| State of Louisiana: | | | |
| State Revenue Sharing | 9,400 | 9,379 | (21) |
| Insurance Rebate | 32,000 | 35,587 | 3,587 |
| Lafourche Communication District | 10,800 | 10,800 | - |
| Other | 4,800 | 3,884 | (916) |
| TOTAL REVENUES | <u>311,849</u> | <u>324,709</u> | <u>12,860</u> |
| EXPENDITURES | | | |
| General government - current: | | | |
| Ad valorem tax deductions | 13,414 | 11,263 | 2,151 |
| Ad valorem tax adjustments | 500 | 5 | 495 |
| Total general government - current | <u>13,914</u> | <u>11,268</u> | <u>2,646</u> |
| Public safety - current: | | | |
| Fire Fighting Equipment | 5,000 | 169 | 4,831 |
| Insurance | 36,000 | 38,052 | (2,052) |
| Operating Exp-Trucks | 5,000 | 3,030 | 1,970 |
| Maintenance-Trucks | 25,000 | 14,211 | 10,789 |
| Turn Out Gear | 8,000 | - | 8,000 |
| SCBA | 12,000 | 6,502 | 5,498 |
| Nozzles & Fittings | 3,000 | - | 3,000 |
| Hoses | 3,000 | 140 | 2,860 |
| Maintenance -Buildings | 20,000 | 8,610 | 11,390 |
| Utilities | 18,000 | 18,398 | (398) |
| Telephone | 6,000 | 5,018 | 982 |
| Communications | 16,000 | 857 | 15,143 |
| Publications | 900 | 491 | 409 |
| Fire Prevention Week | 3,500 | 2,785 | 715 |
| Professional Services | 12,000 | 6,065 | 5,935 |
| Leases | 510 | 500 | 10 |
| Training | 5,000 | 273 | 4,727 |
| Miscellaneous | 6,000 | 1,482 | 4,518 |
| Total public safety - current | <u>184,910</u> | <u>106,585</u> | <u>78,325</u> |
| Capital expenditures | 177,630 | 64,950 | 112,680 |
| Total capital expenditures | <u>177,630</u> | <u>64,950</u> | <u>112,680</u> |
| Debt Service: | | | |
| Principal Retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total debt service | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | <u>376,454</u> | <u>182,803</u> | <u>193,651</u> |
| Excess (deficiencies) of revenues over expenditures | (64,605) | 141,906 | 206,511 |
| OTHER FINANCING SOURCES(USES) | | | |
| Transfers in (out) | (25,000) | (22,468) | 2,532 |
| Total other financing sources and uses | <u>(25,000)</u> | <u>(22,468)</u> | <u>2,532</u> |
| Net change in fund balance | <u>(89,605)</u> | <u>119,438</u> | <u>209,043</u> |
| FUND BALANCES | | | |
| Beginning of year | 90,000 | 92,082 | 2,082 |
| End of year | <u>\$ 395</u> | <u>\$ 211,520</u> | <u>\$ 211,125</u> |

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Budget Comparison Schedule - Debt Service Fund
For the Year Ended December 31, 2003

| | <u>Budget Final</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------------|------------------|---|
| REVENUES | | | |
| Taxes | \$73,906 | \$76,866 | \$2,960 |
| State of Louisiana: | | | |
| State Revenue Sharing | - | - | - |
| Insurance Rebate | - | - | - |
| Lafourche Communication District | - | - | - |
| Other | 1,550 | 1,441 | (109) |
| TOTAL REVENUES | <u>75,456</u> | <u>78,307</u> | <u>2,851</u> |
| EXPENDITURES | | | |
| General government - current: | | | |
| Ad valorem tax deductions | 4,140 | - | 4,140 |
| Ad valorem tax adjustments | - | - | - |
| Total general government - current | <u>4,140</u> | <u>-</u> | <u>4,140</u> |
| Debt Service: | | | |
| Principal Retirement | 42,000 | 42,000 | - |
| Interest and fiscal charges | 35,796 | 35,027 | 769 |
| Total debt service | <u>77,796</u> | <u>77,027</u> | <u>769</u> |
| TOTAL EXPENDITURES | <u>81,936</u> | <u>77,027</u> | <u>4,909</u> |
| Excess (deficiencies) of revenues over expenditures | (6,480) | 1,280 | 7,760 |
| OTHER FINANCING SOURCES(USES) | | | |
| Transfers in (out) | 25,000 | 22,468 | (2,532) |
| Total other financing sources and uses | <u>25,000</u> | <u>22,468</u> | <u>(2,532)</u> |
| Net change in fund balance | 18,520 | 23,748 | 5,228 |
| FUND BALANCES | | | |
| Beginning of year | 63,264 | 63,268 | 4 |
| End of year | <u>\$ 81,784</u> | <u>\$ 87,016</u> | <u>\$ 5,232</u> |

REPORTS REQUIRED BY GOVERNMENT
AUDITING STANDARDS



STAGNI & COMPANY, LLC

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

To the Board of Commissioners,
Of the Lafourche Parish Fire Protection District No. 1

We have audited the basic financial statements of the governmental activities and each major fund of the Lafourche Parish Fire Protection District No. 1, a component unit of the Lafourche Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 11, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Lafourche Parish Fire Protection District No. 1's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafourche Parish Fire Protection District No. 1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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To the Board of Commissioners
Lafourche Parish Fire Protection District No. 1
Page 2

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Stagni & Company

Thibodaux, LA
March 11, 2004



Lafourche Parish Fire Protection District No. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003

We have audited the basic financial statements of the governmental activities and each major fund of the Lafourche Parish Fire Protection District No. 1, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 11, 2004. 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. Our audit of the financial statements as of December 31, 2003 was unqualified.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards N/A

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Type of Opinion On Compliance Unqualified Qualified

For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

c. Identification of Major Programs: NOT APPLICABLE

Section II Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

NOT APPLICABLE-NO FEDERAL AWARDS RECEIVED.



OTHER SUPPLEMENTAL INFORMATION

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Status of Prior Audit Findings
For the Year Ended December 31, 2003

| <u>Reference Number</u> | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Corrective Action Taken (Yes, No, Partially)</u> | <u>Planned Corrective Action/Partial Corrective Action Taken</u> |
|-------------------------|---|-------------------------------|---|--|
|-------------------------|---|-------------------------------|---|--|

Section I - Internal Control and Compliance Material to the Financial Statements:

NONE

Section II - Internal Control and Compliance Material to Federal Awards:4
NOT APPLICABLE

Section III - Management Letter:
NONE

LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 1

Current Year Findings, Recommendations and Corrective Action Plan

For the Year Ended December 31, 2003

| <u>Reference Number</u> | <u>Description of Finding</u> | <u>Corrective Action Planned</u> | <u>Name(s) of Contact Person(s)</u> | <u>Anticipated Completion Date</u> |
|-------------------------|-------------------------------|----------------------------------|-------------------------------------|------------------------------------|
|-------------------------|-------------------------------|----------------------------------|-------------------------------------|------------------------------------|

Section I - Internal Control and Compliance Material to the Financial Statements:

NONE

Section II - Internal Control and Compliance Material to Federal Awards:

NOT APPLICABLE

Section III - Management Letter:

NO FINDINGS TO REPORT