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**DISTRICT SIX FIRE PROTECTION DISTRICT**

**BATON ROUGE, LOUISIANA**

\*\*\*\*\*

**FINANCIAL STATEMENTS**

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**DECEMBER 31, 2003 AND 2002**

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 6.9.04

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

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**ROY HEBERT**  
CERTIFIED PUBLIC ACCOUNTANT

7938 GOODWOOD BOULEVARD  
BATON ROUGE, LOUISIANA 70806-7629  
(225) 927-7555  
(225) 927-7556 FAX

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

Honorable Chris Medine  
and Members of the Board of Commissioners  
District Six Fire Protection District  
Baton Rouge, Louisiana

I have audited the accompanying basic financial statements of District Six Fire Protection District, as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These basic financial statements are the responsibility of District Six Fire Protection District's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of District Six Fire Protection District, as of December 31, 2003 and 2002, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, District Six Fire Protection District adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2001. This results in a change to District Six Fire Protection District's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and the other required supplementary information on pages 5 through 8 and 28 through 32, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has

been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 28, 2004, on my consideration of the District Six Fire Protection District's internal control over financial reporting and my 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 my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of District Six Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to be 'J. A. ...', is written over the typed text.

Baton Rouge, Louisiana  
February 28, 2004

**ROY HEBERT**  
CERTIFIED PUBLIC ACCOUNTANT

7938 GOODWOOD BOULEVARD  
BATON ROUGE, LOUISIANA 70806-7629  
(225) 927-7555  
(225) 927-7556 FAX

MEMBER OF  
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CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Chris Medine  
and Members of the Board of Commissioners  
District Six Fire Protection District  
Baton Rouge, Louisiana

I have audited the basic financial statements of District Six Fire Protection District as of and for the year ended December 31, 2003, and have issued my report thereon dated February 28, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and 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 District Six Fire Protection District's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

This report is intended for the information of District Six Fire Protection District, management of District Six Fire Protection District, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to be 'A. J. ...', written in a cursive style.

Baton Rouge, Louisiana  
February 28, 2004

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Our discussion and analysis of District Six Fire Protection District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003.

The Management's Discussion and Analysis is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

**FINANCIAL HIGHLIGHTS**

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2003, the District's net assets decreased by \$1,675, and resulted in ending net assets of \$1,350,733, or a decrease of less than 1 percent.

Total spending for the governmental activity was \$1,009,443 for the year, which was \$1,675 more than the taxes and the contributions received for this activity, \$1,007,768.

The interest earned on checking accounts and investments in certificates of deposit was \$1,530 for the year.

**USING THIS ANNUAL REPORT**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 8 and 9 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 12. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in his report that the Basis Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

**REPORTING THE DISTRICT AS A WHOLE, THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES**

Our analysis of the District as a whole begins on page 9. These statements help to illustrate the status of the District resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The District's net assets are determined by examining the difference in assets and liabilities. The two statements report the District's net assets and any changes in them. Examining the District's net assets is an effective way to determine the financial status of the District. Increases and decreases in net assets are an indicator of the District's overall increasing or decreasing financial performance.

In the Statement of Net Assets and the Statement of Activities, the District reports only governmental type activities. The majority of the District's activities are of this type, and taxes and contributions finance most of the activities.

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS**

The analysis of the District's major fund begins on page 11. The fund financial statements provide detailed information about the most significant fund rather than the District as a whole.

The District uses a governmental type fund. Most of the District's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is 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 District's general government operations and the 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 relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statement.

**THE DISTRICT AS A WHOLE**

**BUSINESS-TYPE ACTIVITY**

The District's net assets decreased \$1,675 as a result of this year's operations resulting in ending net assets of \$1,350,733, or a decrease of less than 1 percent. The balance in net assets represents the accumulated results of all past years' operations. Unrestricted net assets (the part of net assets that can be used to finance daily operations without legal restrictions or obligations) changed from a \$605,937 surplus to a \$432,523 surplus at year-end. The District can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$432,523 left.

**Table 1  
Net Assets**

	<u>2003</u>	<u>2002</u>
Current and other assets	\$ 799,382	\$ 783,725
Capital assets	<u>918,210</u>	<u>746,472</u>
Total assets	<u>\$ 1,717,592</u>	<u>\$ 1,530,197</u>



Current and other liabilities	\$ 125,581	\$ 122,970
Long-term liabilities	<u>241,278</u>	<u>54,818</u>
Total liabilities	<u>\$ 366,859</u>	<u>\$ 177,788</u>
Net assets:		
Invested in capital assets	\$ 918,210	\$ 746,472
Unrestricted	<u>432,523</u>	<u>605,937</u>
Total net assets	<u>\$ 1,350,733</u>	<u>\$ 1,352,408</u>

The District's total revenues for the year decreased \$12,093 or 1 percent. This included \$776,912 in taxes, \$225,144 in operating contributions, and \$5,711 in interest income and miscellaneous income. The total cost of all programs and services was \$1,009,443 with no new programs added this year.

**Table 2**  
**Changes in Net Assets**  
**2003**

	<b><u>2003</u></b>	<b><u>2002</u></b>
Revenues:		
Taxes	\$ 776,912	\$ 797,673
Operating contributions	225,144	215,198
Other	<u>5,711</u>	<u>6,991</u>
Total revenues	<u>1,007,768</u>	<u>1,019,861</u>
Expenses	<u>1,009,443</u>	<u>867,590</u>
Increase (decrease) in net assets	<u>\$ (1,675)</u>	<u>\$ 152,272</u>

### THE DISTRICT'S FUNDS

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District's governmental fund reported a fund balance of \$772,946. This reflects an increase of \$26,370 from last year.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget was revised once during the last year. This was primarily because of increased costs pertaining to litigation, retirement contributions, and capital outlay expenditures. Other expenses were not materially different from that included in the original budget.

The actual expenditures were \$9,697 below the final budget amounts.

On the other hand, resources available for expenditure were \$17,268 above the final budgeted amounts.

The District's General Fund balance of \$772,946 reported on page 11 differs from the General Fund's budgetary fund balance of \$568,556 reported in the budgetary comparison schedule on page 29.

## CAPITAL ASSETS

At the end of the year, the District has \$918,210 invested in capital assets, including buildings, furniture, fire fighting equipment, and vehicles. This year there were additions of \$255,898 and disposals of \$13,420, reflecting a net increase in capital assets of \$242,478. More detailed information about the District's capital assets is presented in Note 7 of the financial statements.

**Table 3**  
**Capital Assets at Year End**  
**(Net of Accumulated Depreciation)**

	<u>2003</u>	<u>2002</u>
Land	\$ 43,000	\$ 43,000
Buildings	362,807	362,807
Equipment	<u>512,403</u>	<u>340,665</u>
	<u>\$ 918,210</u>	<u>\$ 746,472</u>

## DEBT

At year-end, the District had \$293,318 in capital lease obligations outstanding. This is an increase from last year of \$213,215 or 266 percent.

**Table 4**  
**Bonds and Capital Leases**

	<u>2003</u>	<u>2002</u>
Bonds	\$ 0	\$ 34,000
Capital leases	<u>293,318</u>	<u>80,103</u>
	<u>\$ 293,318</u>	<u>\$ 114,103</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During 2003, the District continued its efforts to collect delinquent service fees due the District. It has brought the billing and collection functions for these fees in-house. The District believes these changes will result in increased collections of these fees.

Taking all other factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2004.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Donald Yelverton, Fire Chief, 7878 Prescott Road, Baton Rouge, Louisiana 70812.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2003 AND 2002**

<u>ASSETS</u>	GOVERNMENTAL ACTIVITY	
	<u>GENERAL FUND</u>	
	2003	2002
<b>Assets:</b>		
Cash	\$ 34,875	\$ 32,795
Certificates of deposit	66,485	65,785
Ad valorem taxes receivable	89,720	122,169
Fire protection service charges receivable	16,166	43,645
Due from other governmental units	592,136	519,331
Capital assets, net of depreciation	918,210	746,472
<b>Total Assets</b>	<b>\$ 1,717,592</b>	<b>\$ 1,530,197</b>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>Liabilities:</b>		
Accounts payable	\$ 35,730	\$ 27,095
Payroll withholdings and accruals	(9,295)	10,053
Compensated absences payable	893	1,077
Obligation under capital leases	293,318	80,103
Bonds payable	0	34,000
Net pension obligation	46,212	25,460
<b>Total Liabilities</b>	<b>366,859</b>	<b>177,788</b>
 <b>Net assets</b>		
Investment in capital assets	918,210	746,472
Unrestricted	432,523	605,937
<b>Total net assets</b>	<b>1,350,733</b>	<b>1,352,408</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,717,592</b>	<b>\$ 1,530,197</b>

The accompanying notes are an integral part of this financial statement.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
STATEMENT OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>GOVERNMENTAL ACTIVITY</u>	
	<u>2003</u>	<u>2002</u>
<u>EXPENSES</u>		
Salaries, wages, and benefits	\$ 710,914	\$ 597,330
Materials and supplies	50,887	35,678
Other program expenses	157,533	145,654
Depreciation expense	84,160	80,109
Interest on debt	5,949	8,819
Total Expenses	<u>1,009,443</u>	<u>867,590</u>
<u>GENERAL REVENUES</u>		
Taxes		
Real estate	\$ 623,772	\$ 582,894
Fire protection service charges	153,140	214,779
Grants and contributions		
not restricted to specific programs	225,144	215,198
Unrestricted interest earnings	1,530	5,439
Miscellaneous revenues	4,181	1,552
Total General Revenues	<u>1,007,768</u>	<u>1,019,861</u>
Change in net assets	(1,675)	152,272
Net assets-beginning of year	<u>1,352,408</u>	<u>1,200,137</u>
Net assets-end of year	<u>\$ 1,350,733</u>	<u>\$ 1,352,408</u>

The accompanying notes are an integral part of this financial statement.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
BALANCE SHEET-GOVERNMENTAL FUND  
DECEMBER 31, 2003 AND 2002**

<u>ASSETS</u>	<u>GENERAL FUND</u>	
	2003	2002
Assets:		
Cash	\$ 34,875	\$ 32,795
Certificates of deposit	66,485	65,785
Ad valorem taxes receivable	89,720	122,169
Fire protection service charges receivable	16,166	43,645
Due from other government units	592,136	519,331
Total Assets	\$ 799,382	\$ 783,724
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Accounts payable	\$ 35,730	\$ 27,095
Payroll withholdings and accruals	(9,295)	10,053
Total Liabilities	26,436	37,148
Fund equity		
Fund balance-unreserved and undesignated	772,946	746,576
Total Fund Equity	772,946	746,576
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.	918,210	746,472
Annual leave payable may not be due in the current period and therefore is not reported in the fund.	893	1,077
Long-term liabilities, including bonds payable, are not due in the current period and therefore are not reported in the governmental activity in the fund.		
Obligation under capital lease	293,318	80,103
Bond payable	0	34,000
Net pension obligation	46,212	25,460
Net assets of governmental activity	\$ 1,350,733	\$ 1,352,408

The accompanying notes are an integral part of this financial statement.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>GENERAL FUND</u>	
	<u>2003</u>	<u>2002</u>
<b>REVENUES</b>		
Taxes		
Ad valorem taxes	\$ 623,772	\$ 582,894
Fire protection service fees	153,140	214,779
Total taxes	<u>776,912</u>	<u>797,673</u>
Intergovernmental revenues		
State fire insurance rebate	37,100	36,479
State revenue sharing	77,544	74,619
City-Parish General Fund	68,990	68,990
State of Louisiana	41,510	35,320
Total intergovernmental revenues	<u>225,144</u>	<u>215,408</u>
Miscellaneous revenue		
Interest earned	1,530	5,439
Miscellaneous revenue	4,181	1,552
Total miscellaneous revenue	<u>5,711</u>	<u>6,990</u>
Total revenue	<u>1,007,768</u>	<u>1,020,071</u>
<b>EXPENDITURES</b>		
Current operations		
General government		
Accounting fees	12,607	13,918
Legal fees	36,073	28,181
Total general government	<u>48,680</u>	<u>42,099</u>
Public safety		
Advertising	362	1,164
Assessor fees	3	18
Awards and plaques	57	0
Dues	470	286
Employee benefits	185,393	133,169
Fee billings	23,972	25,007
Food	2,180	2,007
Insurance	20,219	18,420
Maintenance and repair	32,918	19,740
Medical program	769	285
Miscellaneous	663	4,581

The accompanying notes are an integral part of this financial statement.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>GENERAL FUND</u>	
	<u>2003</u>	<u>2002</u>
Pest control	30	0
Postage	1,495	524
Rent	8,969	6,397
Retirement costs-other	20,488	19,131
Salaries	504,954	450,371
Supplies	17,969	15,938
Telephone	12,809	10,209
Training and travel	5,875	6,229
Utilities	10,492	9,297
<b>Total public safety</b>	<b>850,086</b>	<b>722,773</b>
Capital outlay		
Fire fighting equipment	255,898	12,987
<b>Total capital outlay</b>	<b>255,898</b>	<b>12,987</b>
Debt service		
Principal retirement	59,285	57,967
Interest expense	5,949	8,819
<b>Total debt service</b>	<b>65,234</b>	<b>66,786</b>
<b>Total expenditures</b>	<b>1,219,897</b>	<b>844,644</b>
Excess (deficiency) of revenues over expenditures	(212,130)	175,427
<b>OTHER FINANCING SOURCES (USES)</b>		
Capital lease	238,500	0
Net change in fund balance	26,370	175,427
Fund balance-beginning of year	746,577	571,149
Fund balance-end of year	<b>\$ 772,947</b>	<b>\$ 746,577</b>

The accompanying notes are an integral part of this financial statement.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>GENERAL FUND</u>	
	2003	2002
Net change in fund balance-governmental fund	\$ 26,370	\$ 175,427
Amounts reported for governmental activity in the statement of activity is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$255,898) exceeded depreciation expense (\$84,160) in 2003 and by which depreciation expense (\$80,109) exceeded capital outlay (\$12,987) in 2002.	171,738	(67,122)
Some of the capital assets acquired this year were financed with a capital lease. The amount financed by the lease is reported in the governmental funds as a source of financing. On the other hand, the capital lease is not revenue in the statement of activities, but rather constitute long-term liabilities in the statement of net assets.	(238,500)	
Governmental funds report debt service payments as expenditures. However, in the statement of activities, repayments of principal of indebtedness reduces long-term liabilities in the statement of net assets. This is the amount of principal repayments in 2003 and 2002.	59,285	57,967
Some expenses 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.		
Increase in net pension obligation	(20,752)	(14,000)
Decrease in compensated absences payable	184	
Change in net assets of governmental activity	\$ (1,675)	\$ 152,272

The accompanying notes are an integral part of this financial statement.



**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the District Six Fire Protection District 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**

District Six Fire Protection District was created in the Parish of East Baton Rouge by Parish Resolution 12992, adopted December 22, 1976. Pursuant to the authority granted under Article VI, Sections 15 and 19 of the Louisiana Constitution of 1974, and pursuant to LRS 33:1415 and 40:1491-1506, the Metropolitan Council of the City of Baton Rouge and Parish of East Baton Rouge created and established the Board of Commissioners ("Board") for District 6 Fire Protection District. The Board is composed of five members appointed by the Metropolitan Council and must be resident property taxpayers of the District. The District provides fire protection services to all of territory situated within its confines.

For financial reporting purposes, in conformance with GASB Codification of Governmental Accounting and Financial Reporting Standards, the District includes all funds and account groups that are controlled by the District.

GASB Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of a larger governmental reporting entity for financial and reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell, and lease property in its own name.
2. Whether the larger governmental reporting entity appoints a majority of commission members of the potential component unit.
3. Fiscal interdependency between the larger governmental reporting entity and the potential component unit.
4. Imposition of will by the larger governmental reporting entity on the potential component unit.
5. Financial benefit/burden relationship between the larger governmental reporting entity and the potential component unit.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

Based on this criteria, the District's management has concluded that it is a component unit of the Consolidated Governmental of the City of Baton Rouge, Parish of East Baton Rouge.

**C. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general administrative services are classified as governmental type activities.

In the government-wide Statement of Net Assets, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The net costs by function are normally covered by general revenue.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

**D. BASIC FINANCIAL STATEMENTS-FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund presented in the financial statements is described as follows:

**Governmental Funds:**

**General Fund**

This fund accounts for all or most of the operations of the District. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds 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 operations of the District's office.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

The general fund is the principal fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policies.

**E. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Business-type activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**F. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**G. BUDGET PRACTICES**

A proposed operating budget for the General Fund, prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budget are legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**H. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the District may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**I. CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Fire trucks	15 years
Fire fighting equipment	10 years
Office equipment	5 years
Furniture and equipment	5 years

**J. COMPENSATED ABSENCES**

The District has the following policies related to annual and sick leave:

Annual leave is determined by the number of years of service and accrues each pay period. Accrued annual may be carried over from year to year based on the employee's years of service. Employees who have from 1-10 years of service will be allowed to accrue no more than 25% of vacation time to which they are eligible at the end of each calendar year. Employees with 10 years or more of service will be allowed to accrue 33% of vacation time to which they are eligible at the end of each calendar year. Employees will be paid for all accrued vacation time when they are no longer employed by the District.

Firemen employed by the District are entitled to full pay during sickness or incapacity not brought about by his or her negligence or culpable indiscretion for a period of not less than fifty-two weeks.

At December 31, 2003, and 2002, employees of the District had accumulated and vested \$893 and \$1,077 annual leave benefits respectively, that was computed in accordance with GASB Statement No. 16.

**K. ENCUMBRANCES**

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the District.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2: CASH**

At December 31, 2003 and 2002, the District had cash and cash equivalents totaling as follows:

	<u>2003</u>	<u>2002</u>
Balances per bank statements	\$ 130,980	\$ 103,760

These deposits are stated at cost, which approximates market. Under state law, deposits or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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, 2003 and 2002, the District had \$130,980 and \$103,760 in deposits (collected bank balances), respectively. These deposits were secured from risk by \$100,000 and \$100,000 of federal deposit insurance and \$429,754 and \$268,012 of pledged securities held by the custodial bank in the name of the fiscal agent bank in the years ended in 2003 and 2002, respectively.

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 bank has failed to pay deposited funds upon demand.

**NOTE 3: PROPERTY TAXES**

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission. The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

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. By agreement, the Sheriff is also the tax collector for City property taxes for which he receives a commission of 4.5% of total taxes collected for the City. December tax collections remitted to the District by the Sheriff in January are reported as "Due from other governmental units."

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

The 2003 and 2002 property tax calendars are as follows:

	<u>2003</u>	<u>2002</u>
Levy date	December 5, 2003	December 6, 2002
Millage rates adopted	December 5, 2003	December 6, 2002
Tax bills mailed	December 1, 2003	December 2, 2002
Due date	December 31, 2003	December 31, 2002
Lien date	January 1, 2004	January 1, 2003

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, taxes 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 by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. Therefore, there are no delinquent taxes at year-end.

All property taxes are recorded in governmental funds, and as explained in Note 1(E), revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experience, will not be collected in the subsequent year and are primarily due to subsequent adjustments of the tax rolls. All of the net taxes receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expect to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected within 60 days subsequent to year-end or they are completely available for short-term debt and short-term advances from the tax collector due to time lags between collections and the remittance to the District.

**NOTE 4: FIRE PROTECTION SERVICE CHARGES**

The District is empowered to assess a service of \$32 for each residential and commercial structure in the District. On July 1, 1994, the Board of Commissioners of the District voted to raise the service fee charged by the District from \$16 per structure to \$32 per structure effective July 1, 1994.

The Board, on that same day, adopted the following service fee calendar for subsequent years:

Initial bills to be sent	July 1
Second bills to be sent	August 15
Certified letter sent to property owner	October 1
Lien date	December 1
File law suit	June 1

The Board has also adopted policies regarding the collection of costs associated with the collection of delinquent service fees. At present, the Board has decided to charge an additional \$100 for each person and structure against which a lien and privilege is imposed in the collection process.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

The service fees are recorded in the governmental fund, and as explained in Note 1(E), revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Service fees are considered measurable in the calendar year of the assessment. Accordingly, the entire assessment less an estimate for uncollectible service fees is recorded as revenue in the current calendar year. All of the net service fees receivable at the end of the year are considered available. 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.

**NOTE 5: RECEIVABLES**

Property taxes and fire protection service charges receivable and estimated uncollectible amounts for the District are as follows:

<u>2003</u>	<u>Property Taxes</u>	<u>Fire Protection Service Charges</u>
Amounts receivable	\$ 118,989	\$ 49,095
Estimated uncollectibles	<u>-29,269</u>	<u>-32,929</u>
	<u>\$ 89,720</u>	<u>\$ 16,166</u>

<u>2002</u>	<u>Property Taxes</u>	<u>Fire Protection Services Charges</u>
Amounts receivable	\$ 148,400	\$ 79,392
Estimated uncollectibles	<u>-26,231</u>	<u>-35,747</u>
	<u>\$ 122,169</u>	<u>\$ 43,645</u>

**NOTE 6: DUE FROM OTHER GOVERNMENTAL UNITS**

The amounts due from other governmental units are as follows:

	<u>2003</u>	<u>2002</u>
East Baton Rouge Parish Sheriff	\$ 540,505	\$ 469,933
Louisiana State Revenue Sharing	<u>51,631</u>	<u>49,398</u>
	<u>\$ 592,136</u>	<u>\$ 519,331</u>

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7: CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

<u>2003</u>	Balance <u>January 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2003</u>
Land	\$ 43,000			\$ 43,000
Buildings	456,930			456,930
Equipment	648,989		13,420	635,569
Equipment under capital lease	278,628	255,898		534,526
Less accumulated depreciation	<u>-681,075</u>			<u>-751,815</u>
Capital assets, net	<u>\$ 746,472</u>			<u>\$ 918,210</u>

<u>2002</u>	Balance <u>January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31, 2002</u>
Land	\$ 43,000			\$ 43,000
Buildings	456,930			456,930
Equipment	636,002	12,987		648,989
Equipment under capital lease	278,628			278,628
Less accumulated depreciation	<u>-600,966</u>			<u>-681,075</u>
Capital assets, net	<u>\$ 813,594</u>			<u>\$ 746,472</u>

**NOTE 8: PENSION PLANS**

*Plan Description.* The District contributes to either the Employees' Retirement System of the City of Baton Rouge, Parish of East Baton Rouge, or the Firefighters' Retirement System. Both plans are cost-sharing, multiple-employer defined-benefit pension plans. The plans are each administered by a board of trustees. The plans provide retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City of Baton Rouge and Parish of East Baton Rouge Plan of Government and Louisiana Revised Statutes 11:2551 et seq. grant the respective board of trustees the authority to establish and amend benefit provisions of the plans.

The Retirement System is reported as a blended component unit of the City-Parish as defined by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. Since the Retirement System is part of the City-Parish's reporting entity, its financial statements are included as a Pension Trust Fund by the primary government.

The Board of Trustees of the Retirement System was created by the City of Baton Rouge and the Parish of East Baton Rouge Plan of Government to administer the assets of the system, and is composed of seven members. Four of the trustees are members of the Retirement System, two are selected from non police and fire department employees, and one trustee each is selected from the Police and Fire Departments. The remaining



**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

membership of the board consists of the Director of Finance, and two persons with business and accounting experience, appointed by the Metropolitan Council. All administrative expenses of the Retirement System are paid from funds of the system, and the board issues its own financial statements on an annual basis.

The retirement systems issue publicly available financial reports that includes financial statements and required supplementary information for the plans. The financial reports may be obtained from:

Jeffrey R. Yates  
Retirement Administrator  
Employees' Retirement System  
City of Baton Rouge, Parish of East Baton Rouge  
P.O. Box 1471  
Baton Rouge, Louisiana 70821-1471

Or

Firefighters' Retirement System  
P.O. Box 94095, Capital Station  
Baton Rouge, Louisiana 70804-9095

*Funding Policy.* Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rates are 16.66% and 21.00% of annual covered payroll. The preceding rates are for both plans with the first rates being applicable to the Employees' Retirement System of the City of Baton Rouge, and the second rates being applicable to the Firefighters' Retirement System. The District's contributions to the plans for the years ending December 31, 2003, 2002, and 2001 were \$76,795, \$54,213, and \$51,514, respectively, and equaled the required contributions for each year.

The net pension benefit obligation (NPO) is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help financial statement users assess the system's funding status on a going concern basis, assess its progress in accumulating sufficient assets to pay benefits when due, and to assist in making comparisons among public employee retirement systems and employers.

As of December 31, 2003, the date of the latest actuarial valuation, the significant actuarial assumptions used in the valuation include: (1) a rate of return on the investment of present and future assets of 8% per year, compounded annually; (2) projected salary increases of 4% per year compounded annually, attributable to inflation; (3) additional projected salary increases based on years of service and age attributable to seniority and merit; (4) no post-retirement benefit increases. The actuarial value of assets was determined using the Expected Value Method. This asset valuation method involves the determination of expected value based on the actuarial assets value at the beginning of the previous year. The difference between the expected value and the market value for total (unrealized and realized) investment gains/losses is then reflected at the rate of 20% per year for each of the subsequent five years. This technique smooths the volatility of market value for investments.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

The initial Unfunded Actuarial Accrued Liability (UAAL) will be amortized over 30 years (closed amortization period) as a level percentage of payroll, assuming payroll increases of 4% per year during the first 15 years of the amortization period and 0% per year during the remaining 15 years. Each change in UAAL will be amortized over the greater of 20 years or the remaining amortization period for the initial UAAL, as a level percent of payroll assuming payroll increases of 0% per year during the final 15 years of the amortization period and 4% per year for all years prior to the final 15 years. The remaining amortization periods at December 31, 2003 and 2002 was 21 years and 22 years, respectively.

Three year trend information for the District for 2003 and 2002 was as follows:

<u>2003</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Actual Contribution</u>	<u>Increase (Decrease) in NPO</u>
12/31/03	\$ 65,487	\$ 47,962	\$ 17,525
12/31/02	68,213	55,213	14,000
12/31/01	64,622	51,514	13,108

<u>2002</u>			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Actual Contribution</u>	<u>Increase (Decrease) in NPO</u>
12/31/02	\$ 68,213	\$ 54,213	\$ 14,000
12/31/01	64,622	51,514	13,108
12/31/00	43,861	48,476	(4,615)

**NOTE 9: LEASES AND BONDS**

The District records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases for both 2003 and 2002:

	<u>2003</u>	<u>2002</u>
<u>Type</u>		
Equipment	\$ 534,526	\$ 278,628

The following is a schedule of future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments, as of December 31, 2003 and 2002:

<u>2003</u>	<u>Fiscal Year</u>	<u>Lease</u>	<u>Bond</u>	<u>Total</u>
	2004	\$ 65,157	\$ 0	\$ 65,157
	2005	65,157		65,157
	2006	35,467		35,467
	2007	35,467		35,467
	2008	35,466		35,466
	2009	35,466		35,466
	2010	35,466		35,466

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

2011	35,466		35,466
Less amount representing interest	<u>-49,794</u>	<u>0</u>	<u>-49,794</u>
Outstanding principal	<u>\$ 293,318</u>	<u>\$ 0</u>	<u>\$ 293,318</u>

<u>2002</u>				
	<u>Fiscal Year</u>	<u>Lease</u>	<u>Bond</u>	<u>Total</u>
2003		\$ 29,690	\$ 38,995	\$ 68,685
2004		29,690		29,690
2005		29,690		29,690
Less amount representing interest		<u>-8,967</u>	<u>-4,995</u>	<u>-13,962</u>
Outstanding principal		<u>\$ 80,103</u>	<u>\$ 34,000</u>	<u>\$ 114,103</u>

**NOTE 10: LONG-TERM DEBT**

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

<u>2003</u>				
	<u>Balance</u> <u>January 1,</u> <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2003</u>
Capital lease	\$ 80,103	238,500	\$ 25,285	\$ 293,318
General obligation bonds	34,000		34,000	0
Compensated absences	1,077		184	893
Net pension obligation	<u>25,460</u>	<u>20,752</u>	<u>-0-</u>	<u>46,212</u>
	<u>\$ 140,640</u>	<u>\$ 259,252</u>	<u>\$ 59,469</u>	<u>\$ 340,423</u>

<u>2002</u>				
	<u>Balance</u> <u>January 1,</u> <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2002</u>
Capital lease	\$ 104,070		\$ 23,967	\$ 80,103
General obligation bonds	68,000		34,000	34,000
Compensated absences	1,077		-0-	1,077
Net pension obligation	<u>11,460</u>	<u>14,000</u>	<u>-0-</u>	<u>25,460</u>
	<u>\$ 184,607</u>	<u>\$ 14,000</u>	<u>\$ 57,967</u>	<u>\$ 140,640</u>

**NOTE 11: POSTEMPLOYMENT BENEFITS**

District employees are eligible to continue participation in the City of Baton Rouge and Parish of East Baton Rouge health, dental, and life insurance programs upon retirement.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

Employees are offered their choice of two health maintenance organizations or an indemnity plan for health benefits. Employees may also participate in the indemnity plan for dental benefits. Upon retirement, the employee may continue their coverage with the same benefits payable to active employees. The minimum premium plan is funded with employees and retirees contributing 38% of the premium and the District contributing 62% of the premium. Retirees may continue coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972.

The District does not have any retirees as of December 31, 2003 or 2002, and therefore, has no estimated expenditures/expenses for postretirement health and dental benefits.

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all District employees who retire after May 1, 1976, have \$3,000 of term life insurance coverage. As noted above, the District has no retirees and, therefore, no coverage was in effect.

The cost of this insurance is paid by the District through an actuarially determined monthly assessment of 70 cents per active employee.

**NOTE 12: DEFERRED COMPENSATION PLAN**

The District participates in The National Association of Counties (NACO) Deferred Compensation Program, which is a cost-sharing multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future periods. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. Participant's rights under the plan are equal to the fair market value of their deferred accounts.

It is the opinion of the State's Attorney General that the District has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary investor.

The plan's trustee, who provides certain options, manages investments. The participants make the choice of investment options.

**NOTE 13: ON-BEHALF PAYMENTS FOR SALARIES**

Supplemental salary payments are made by the state directly to a certain group of employees of the District. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the state. For 2003 and 2002, the state paid supplemental salaries to employees of the District in the amount of \$41,510 and \$35,110, respectively. These payments are recorded as revenues and expenditures (expenses) in the 2003 and 2002 financial statements under the General Fund.

**DISTRICT SIX FIRE PROTECTION DISTRICT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14: COMMITMENTS AND CONTINGENCIES**

The District is involved in several legal actions, which arose during the ordinary course of business. Management believes that the District has adequate legal defenses or insurance coverage with respect to each of these actions. However, the ultimate outcome of the litigation is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. In the opinion of management, the existing litigation will not materially affect the District's results of operations or financial position.

**NOTE 15: COMPENSATION PAID TO COMMISSION MEMBERS**

The following is a list of commission members appointed for the years ended December 31, 2003 and 2002. The commission members did not receive any compensation for their service on the board of District Six Fire Protection District during the years ended December 31, 2003 and 2002.

2003

Chris Medine, chairman  
Harold Christopher, vice-chairman  
Reginald Higgins, commissioner  
Johnny Honey, commissioner  
Rusty Jones, commissioner  
Lisa Westfall, commissioner

2002

Chris Medine, chairman  
Harold Christopher, vice-chairman  
Reginald Higgins, commissioner  
Rusty Jones, commissioner  
Donald Yelverton, commissioner (resigned June 2002)  
Lisa Westfall, commissioner (appointed October 2002)

**REQUIRED SUPPLEMENTARY INFORMATION**

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 576,000	\$ 593,000	\$ 623,772	\$ 30,772
Fire protection service fees	160,000	180,000	153,140	(26,860)
Total taxes	<u>736,000</u>	<u>773,000</u>	<u>776,912</u>	<u>3,912</u>
Intergovernmental revenues				
State fire insurance rebate	30,000	30,000	37,100	7,100
State revenue sharing	70,000	70,000	77,544	7,544
City-Parish General Fund	68,990	68,990	68,990	0
Total intergovernmental revenues	<u>168,990</u>	<u>168,990</u>	<u>183,634</u>	<u>14,644</u>
Miscellaneous revenue				
Interest earned	4,000	4,000	1,530	(2,470)
Miscellaneous revenue	3,000	3,000	4,181	1,181
Total miscellaneous revenue	<u>7,000</u>	<u>7,000</u>	<u>5,711</u>	<u>(1,289)</u>
Total revenue	<u>911,990</u>	<u>948,990</u>	<u>966,258</u>	<u>17,268</u>
<b>EXPENDITURES</b>				
Current operations				
General government				
Accounting fees	14,000	14,000	12,607	1,393
Legal fees	15,000	30,000	36,073	(6,073)
Total general government	<u>29,000</u>	<u>44,000</u>	<u>48,680</u>	<u>(4,680)</u>
Public safety				
Advertising	1,000	1,000	362	638
Assessor fees	0	0	3	(3)
Awards and plaques	0	0	57	(57)
Dues	400	400	470	(70)
Employee benefits	176,645	186,645	185,393	1,252
Fee billings	17,000	17,000	23,972	(6,972)
Food	2,000	2,000	2,180	(180)
Insurance	20,100	20,100	20,219	(119)
Maintenance and repair	28,400	28,400	32,918	(4,518)

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
Medical program	1,000	1,000	769	231
Miscellaneous	0	0	663	(663)
Pest control	150	150	30	120
Postage	2,000	2,000	1,495	505
Rent	6,900	6,900	8,969	(2,069)
Retirement costs-other	6,380	20,000	20,488	(488)
Salaries-regular employees	450,000	455,380	463,444	(8,064)
Supplies	21,500	21,500	17,969	3,531
Telephone	12,000	12,000	12,809	(809)
Training and travel	7,000	7,000	5,875	1,125
Utilities	11,500	11,500	10,492	1,008
<b>Total public safety</b>	<b>763,975</b>	<b>792,975</b>	<b>808,576</b>	<b>(15,601)</b>
<b>Capital outlay</b>				
Fire fighting equipment	45,000	281,500	255,898	25,602
<b>Total capital outlay</b>	<b>45,000</b>	<b>281,500</b>	<b>255,898</b>	<b>25,602</b>
<b>Debt service</b>				
Principal retirement	69,609	69,609	59,285	10,324
Interest expense	0	0	5,949	(5,949)
<b>Total debt service</b>	<b>69,609</b>	<b>69,609</b>	<b>65,234</b>	<b>4,375</b>
<b>Total expenditures</b>	<b>907,584</b>	<b>1,188,084</b>	<b>1,178,387</b>	<b>9,697</b>
<b>Excess (deficiency) of revenues     over expenditures</b>	<b>4,406</b>	<b>(239,094)</b>	<b>(212,130)</b>	<b>26,964</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	0	236,500	238,500	2,000
<b>Net change in fund balance</b>	<b>4,406</b>	<b>(2,594)</b>	<b>26,370</b>	<b>28,964</b>
<b>Budgetary fund balance-beginning of year</b>	<b>746,577</b>	<b>746,577</b>	<b>746,577</b>	<b>0</b>
<b>Budgetary fund balance-end of year</b>	<b>\$ 750,983</b>	<b>\$ 743,983</b>	<b>\$ 772,947</b>	<b>\$ 28,964</b>



**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 390,000	\$ 390,000	\$ 582,894	\$ 192,894
Fire protection service fees	130,000	130,000	214,779	84,779
<b>Total taxes</b>	<b>520,000</b>	<b>520,000</b>	<b>797,673</b>	<b>277,673</b>
Intergovernmental revenues				
State fire insurance rebate	25,000	25,000	36,479	11,479
State revenue sharing	70,000	70,000	74,619	4,619
City-Parish General Fund	68,990	68,990	68,990	0
<b>Total intergovernmental revenues</b>	<b>163,990</b>	<b>163,990</b>	<b>180,088</b>	<b>16,098</b>
Miscellaneous revenue				
Interest earned	4,000	4,000	5,439	1,439
Miscellaneous revenue	3,000	3,000	1,552	(1,448)
<b>Total miscellaneous revenue</b>	<b>7,000</b>	<b>7,000</b>	<b>6,990</b>	<b>(10)</b>
<b>Total revenue</b>	<b>690,990</b>	<b>690,990</b>	<b>984,751</b>	<b>293,761</b>
<b>EXPENDITURES</b>				
Current operations				
General government				
Accounting fees	11,000	11,000	13,918	(2,918)
Legal fees	10,000	10,000	28,181	(18,181)
<b>Total general government</b>	<b>21,000</b>	<b>21,000</b>	<b>42,099</b>	<b>(21,099)</b>
Public safety				
Advertising	750	750	1,164	(414)
Assessor fees	0	0	18	(18)
Dues	400	400	286	114
Employee benefits	134,545	147,045	133,169	13,876
Fee billings	17,000	28,000	25,007	2,993
Food	2,000	2,000	2,007	(7)
Insurance	20,144	20,144	18,420	1,724
Maintenance and repair	20,400	20,400	19,740	660
Medical program	1,000	1,000	285	715

**DISTRICT SIX FIRE PROTECTION DISTRICT  
PARISH OF EAST BATON ROUGE  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE (NEGATIVE)</u>
Miscellaneous	0	0	4,581	(4,581)
Pest control	150	150	0	150
Postage	900	900	524	376
Rent	6,900	6,900	6,397	503
Retirement costs-other	6,380	6,380	19,131	(12,751)
Salaries-regular employees	400,675	413,152	415,051	(1,899)
Supplies	23,000	23,000	15,938	7,062
Telephone	9,000	9,000	10,209	(1,209)
Training and travel	5,000	5,000	6,229	(1,229)
Utilities	11,500	11,500	9,297	2,203
<b>Total public safety</b>	<b>659,744</b>	<b>695,721</b>	<b>687,453</b>	<b>8,268</b>
<b>Capital outlay</b>				
Fire fighting equipment	13,670	13,670	12,987	683
<b>Total capital outlay</b>	<b>13,670</b>	<b>13,670</b>	<b>12,987</b>	<b>683</b>
<b>Debt service</b>				
Principal retirement	60,809	60,809	57,967	2,842
Interest expense	8,800	8,800	8,819	(19)
<b>Total debt service</b>	<b>69,609</b>	<b>69,609</b>	<b>66,786</b>	<b>2,823</b>
<b>Total expenditures</b>	<b>764,023</b>	<b>800,000</b>	<b>809,325</b>	<b>(9,325)</b>
<b>Net change in fund balance</b>	<b>(73,033)</b>	<b>(109,010)</b>	<b>175,427</b>	<b>284,437</b>
<b>Budgetary fund balance-beginning of year</b>	<b>571,150</b>	<b>571,150</b>	<b>571,150</b>	<b>0</b>
<b>Budgetary fund balance-end of year</b>	<b>\$ 498,117</b>	<b>\$ 462,140</b>	<b>\$ 746,577</b>	<b>\$ 284,437</b>

**Finding 1:** The segregation of duties is inadequate to provide effective internal control.

Fiscal year finding initially reported: December 31, 1994

Corrective action taken:

This limitation is the direct result of economic limitations on administrative positions within the District. The District's management feels that other controls are in place to provide adequate safeguarding of assets.

The contact personnel are the Fire Chief, Donald Yelverton, and Chris Medine, Chairman of the Board of Commissioners.