

FIRE PROTECTION DISTRICT NO. 4
OF LIVINGSTON PARISH
REPORT ON AUDIT OF BASIC
FINANCIAL STATEMENTS
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 8-11-04

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June 7, 2004

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fire Protection District No. 4 of
Livingston Parish
Livingston Parish Council
Walker, Louisiana

We have audited the accompanying basic financial statements of the Fire Protection District No. 4 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1 to the basic financial statements, the Fire Protection District No. 4 of Livingston Parish 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; and Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, amending Statement No. 34, as of January 1, 2003. This results in a change in the format and content of the basic financial statements.

Fire Protection District No. 4 of
Livingston Parish

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Fire Protection District No. 4 of Livingston Parish, Louisiana, as of December 31, 2003, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 7, 2004, on our consideration of Fire Protection District No. 4 of Livingston Parish'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 used in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

Respectfully submitted,

Hannu J. Bourgeois, CPA

Fire Protection District No. 4
of Livingston Parish
Denham Springs, LA 70726
Management's Discussion and Analysis
December 31, 2003

This section of the Fire District No. 4 of Livingston Parish's (the District) annual financial report represents our discussion and analysis of the District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the detailed financial statements.

The Management's Discussion and Analysis (MD&A) is required by the Government Accounting Standards Board (GASB). This is the first year the District has implemented the standards, therefore there will be no comparative information from the previous years included in this analysis.

FINANCIAL HIGHLIGHTS

- * Net Assets on December 31, 2003 was \$2,468,636.
- * The Net Assets of the Governmental Activities showed an increase of \$310,535 which represents an increase of 14.3% increase.
- * The total general fund balance at December 31, 2003 was \$1,226,529. This reflects an actual increase in 2003 to the general fund of \$60,723 or 5.21%.
- * The District had a 6.4% increase in the amount of ad valorem tax revenue in 2003 as compared to 2002. These increases are due to the economic growth in the area and property values have also increased over the past few years. The total ad valorem tax revenue totaled \$553,149 in 2003 representing 42.7% of the total revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the basic financial statements of the District. The District's basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 8 - 9 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of the District are governmental type funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10-16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET ASSETS

The following is a schedule of the District's net assets at December 31, 2003. Net assets are calculated by taking the difference between the total assets and total liabilities. The District's assets exceeded its liabilities at the close of 2003, by a total of \$2,468,636.

Cash	\$ 56,823
Investments	329,971
Receivables, Net of Allowances	972,454
Prepaid Expenses	7,354
Capital Assets, Net of Depreciation	<u>2,056,550</u>
Total Assets	3,423,152
Current Liabilities	106,515
Non-Current Liabilities	<u>848,001</u>
Total Liabilities	954,516
Net Assets:	
Invested in Capital Assets, Net of Related Debt	1,216,095
Restricted for Debt Service	31,608
Unrestricted	<u>1,220,933</u>
Total Net Assets	<u>\$2,468,636</u>

STATEMENT OF ACTIVITIES

The District provides fire protection services for the area citizens. Most of the funding for the District's operation and maintenance is provided by property taxes and user fees.

Property taxes are the largest source of revenue for the District. The District collects 9.66 mills for the operation and maintenance of the fire stations and .30 mills for debt service requirements. This money is put into the general fund and debt service fund and is used to pay for the operation and maintenance of the stations and to service debt. The operation and maintenance mills must be renewed every ten years. The current millage expires in 2004. The Debt Service millage will expire in 2006, the final year of debt service on the general obligation bonds.

Other sources of revenue for the District include State Revenue Sharing, Fire Insurance Commissions, Grants and Interest on investments and late property tax payments. The following condensed Statement of Activities shows the major source of revenues and expenses.

Condensed Statement of Activities

Revenues:	
Charges for Services	\$ 432,079
Operating Grants and Contributions	11,950
Capital Grants and Contributions	133,382
General Revenues	<u>718,203</u>
	1,295,614
Expenses:	
Public Safety	939,150
Interest	<u>45,929</u>
	985,079
Change in Net Assets	<u>\$ 310,535</u>

REVENUES

- Property tax revenue increased \$33,143 or 6.4% from the previous year. This increase was a direct result of the assessed property values increasing in the local district.
- In 2003, the District spent the remaining portion of a FEMA grant (recorded as deferred revenue at the end of 2002) obtained in 2002. The portion spent in 2003 was \$133,382 and it was used to purchase SCBA equipment.
- 911 fees decreased by \$56,843 or 59.1% due to changes in the program.

EXPENSES

Total expenses increased by approximately \$75,000 or 8.20%. This increase was because of the following:

- Increase in salaries of approximately \$22,000 due to hiring of additional staff.
- Increase in interest expense of approximately \$9,000 due to the debt service requirements on a capital lease that began at the end of 2002.
- Increase in depreciation expense in 2003 of approximately \$54,000 due to the large dollar purchases of vehicles and equipment in the last two years.
- Increase in collections fees of approximately \$8,000 due to the increased revenues collected.
- Increase in election expense in 2003 of approximately \$9,000 with no such election expense in 2002.
- In 2003 there were reductions in other expenses including major areas such as small tools and supplies (\$14,000), and training (\$15,000) that partially offset the increases noted above.

BUDGETARY HIGHLIGHTS

- The final amended budget for revenues reflects an increase of \$68,678. Fire Insurance Commissions revenues were increased by approximately \$8,000 while property taxes revenues were increased by approximately \$55,000.
- The final amended budget for expenditures in 2003 reflects an increase of \$46,323. Payroll and payroll taxes were increased by \$102,210. Capital outlay was decreased by \$9,185, small tools and supplies were decreased by \$27,344 and several other operating expenses were reduced.
- Total expenditures exceeded the final amended budget by \$188,333 but of this amount approximately 86,000 was due to the user fee revenue being budgeted net of the related collection cost. The major unfavorable variances were in salaries, capital outlay, insurance and repairs and maintenance.

CAPITAL ASSETS

Capital assets. The District's investment in capital assets as of December 31, 2003 was \$2,056,550 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and machinery and equipment. The total increase in the District's investment in capital assets for 2003 was \$199,662. The major addition to capital assets in 2003 was the purchase of forty-six SCBA's at a total cost of \$141,048. Additional information on capital assets activity in 2003 can be found in Note 4 of this report.

LONG-TERM DEBT

At the end of the current year, the District had a general obligation bond outstanding in the amount of \$74,530, certificates of indebtedness outstanding in the amount of \$322,735, and capital leases outstanding in the amount of \$443,190. Total debt at December 31, 2003 amounted to \$840,455. This debt is secured by the revenues collected within the District.

Additional information on the long-term debt activity in 2003 can be found in Note 5 of this report.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the District's accountability for the money received through its operations. If there are any questions about this report or need of additional financial information, contact Administrative Secretary, Jo Anne Wascom Smith, P.O. Box 191, Walker, LA 70785.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

STATEMENT OF NET ASSETS

DECEMBER 31, 2003

ASSETS

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$ 56,823
Investments	329,971
Receivables, Net of Allowance for Uncollectible Accounts	926,829
Due From Other Governments	45,625
Prepaid Insurance	7,354
Capital Assets:	
Land	38,009
Other Capital Assets, Net of Depreciation	<u>2,018,541</u>
Total Assets	<u><u>\$3,423,152</u></u>

LIABILITIES

Liabilities:	
Accounts Payable	\$ 97,979
Accrued Expenses	3,132
Interest Payable	5,404
Non-Current Liabilities:	
Due Within One Year	288,904
Due in More Than One Year	<u>559,097</u>
Total Liabilities	954,516

NET ASSETS

Invested in Capital Assets, Net of Related Debt	1,216,095
Restricted for Debt Service	31,608
Unrestricted	<u>1,220,933</u>
Total Net Assets	<u>2,468,636</u>
Total Liabilities and Net Assets	<u><u>\$3,423,152</u></u>

The notes to the financial statements are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO.4 OF
LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Public Safety-Fire Protection	\$ 939,150	\$ 432,079	\$ 11,950	\$ 133,382	\$ (361,739)
Interest on Long-Term Debt	45,929	-	-	-	(45,929)
Total Governmental Activities	<u>\$ 985,079</u>	<u>\$ 432,079</u>	<u>\$ 11,950</u>	<u>\$ 133,382</u>	(407,668)
Taxes:					
Property Taxes, Levied for General Purposes					536,580
Property Taxes, Levied for Debt Services					16,569
State Revenue Sharing					75,937
Fire Insurance Tax					74,132
Interest and Investment Earnings					13,835
Miscellaneous					1,150
Total General Revenues and Special Items					<u>718,203</u>
Change in Net Assets					310,535
Net Assets - Beginning of Year					<u>2,158,101</u>
Net Assets - End of Year					<u>\$ 2,468,636</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 52,934	\$ 3,889	\$ 56,823
Investments	318,025	11,946	329,971
Receivables, Net of Allowance for Uncollectible Accounts	536,775	16,671	553,446
Due from Other Government	17,856	-	17,856
Due from Debt Service Fund	175	-	175
User Fee Receivable	373,383	-	373,383
State Revenue Sharing Receivable	27,769	-	27,769
Total Assets	<u>\$ 1,326,917</u>	<u>\$ 32,506</u>	<u>\$ 1,359,423</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 97,256	\$ 723	\$ 97,979
Accrued Expenses	3,132	-	3,132
Due to General Fund	-	175	175
Total Liabilities	<u>100,388</u>	<u>898</u>	<u>101,286</u>
Fund Balances:			
Reserved for Debt Service	-	31,608	31,608
Unreserved - Undesignated	1,226,529	-	1,226,529
Total Fund Balance	<u>1,226,529</u>	<u>31,608</u>	<u>1,258,137</u>
Total Liabilities and Fund Balances	<u>\$ 1,326,917</u>	<u>\$ 32,506</u>	<u>\$ 1,359,423</u>

The notes to the financial statements are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

DECEMBER 31, 2003

Total Fund Balances at December 31, 2003 - Governmental Funds	\$ 1,258,137
Cost of Capital Assets at December 31, 2003	3,539,436
Less: Accumulated Depreciation as of December 31, 2003	<u>(1,482,886)</u>
	2,056,550
Prepaid Insurance	7,354
Elimination of Interfund Assets and Liabilities:	
Due from Debt Service Fund	175
Due to General Fund	<u>(175)</u>
	-
Long-Term Liabilities at December 31, 2003:	
Bonds Payable	(74,530)
Certificate of Indebtedness	(322,735)
Capital Lease	(443,190)
Compensated Absences	(7,546)
Accrued Interest Payable	<u>(5,404)</u>
	<u>(853,405)</u>
Net Assets at December 31, 2003	<u><u>\$ 2,468,636</u></u>

The notes to the financial statements are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund	Debt Service Fund	Total Governmental Funds
	<hr/>	<hr/>	<hr/>
Revenues:			
Property Taxes	\$ 536,580	\$ 16,569	\$ 553,149
Intergovernmental	75,937	-	75,937
Interest	13,271	564	13,835
Fire Insurance Commissions	74,132	-	74,132
Other	1,150	-	1,150
State Supplemental Pay	11,950	-	11,950
User Fees	392,670	-	392,670
911 Fees	39,409	-	39,409
Federal Grant	133,382	-	133,382
	<hr/>	<hr/>	<hr/>
Total Revenues	1,278,481	17,133	1,295,614
Expenditures:			
Public Safety:			
Salaries and Call-Out Reimbursements	348,022	-	348,022
Collection Fees	86,137	724	86,861
Election Expense	9,077	-	9,077
Dues and Subscriptions	2,076	-	2,076
Fuel and Oil	17,367	-	17,367
Insurance	71,443	-	71,443
Janitorial and Kitchen Supplies	3,034	-	3,034
Maintenance Contracts	1,771	-	1,771
Miscellaneous	16,755	36	16,791
Office Supplies and Postage	8,150	-	8,150
Professional Fees	14,901	-	14,901

(CONTINUED)

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Expenditures (Continued):			
Public Safety (Continued):			
Repairs and Maintenance	39,088	-	39,088
Small Tools and Supplies	40,488	-	40,488
Taxes, Licenses and Permits	24,346	-	24,346
Telephone	15,869	-	15,869
Training and Continued Education	9,124	-	9,124
Utilities	20,705	-	20,705
	<u>728,353</u>	<u>760</u>	<u>729,113</u>
 Capital Outlay:			
Fire Fighting Equipment	199,662	-	199,662
 Total Capital Outlay	<u>199,662</u>	<u>-</u>	<u>199,662</u>
 Debt Service:			
Principal Retirement	249,787	24,693	274,480
Interest Expense	39,956	5,030	44,986
	<u>289,743</u>	<u>29,723</u>	<u>319,466</u>
 Total Expenditures	<u>1,217,758</u>	<u>30,483</u>	<u>1,248,241</u>
 Excess of Revenues Over Expenditures	60,723	(13,350)	47,373
 Fund Balance - Beginning of Year	<u>1,165,806</u>	<u>44,958</u>	<u>1,210,764</u>
 Fund Balance - End of Year	<u><u>\$ 1,226,529</u></u>	<u><u>\$ 31,608</u></u>	<u><u>\$ 1,258,137</u></u>

The notes to the financial statements are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2003

Total Net Change in Fund Balances - Governmental Funds \$ 47,373

Amounts Reported for Governmental Activities in the Statement
of Activities are Different Because:

Capital outlays are reported in governmental funds as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense. This is the amount by
which depreciation exceeds capital outlays in the period:

Capital Outlays	199,662
Depreciation Expense	(214,567)

Change in Prepaid Insurance	532
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Change in Compensated Absences	3,998
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources
to governmental funds, while the repayment of the principal of long-term debt
consumes the current financial resources of governmental funds. Neither transaction,
however, has any effect on net assets.

Principal Payment on Bonded Debt	24,693
Principal Payment on Indebtedness	117,295
Principal Payment on Capital Lease	132,492

Interest on long-term debt in the Statement of Activities differs from the amount
reported in the governmental funds because interest is recognized as an
expenditure in the funds when it is due, and thus requires the use of current
financial resources. In the Statement of Activities, however, interest expense
is recognized as the interest accrues, regardless of when it is due.

(943)

Change in Net Assets of Governmental Activities	<u>\$ 310,535</u>
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The notes to the financial statements are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Property Taxes	\$ 395,593	\$ 450,771	\$ 536,580	\$ 85,809
Intergovernmental	60,000	60,000	75,937	15,937
Interest	7,000	7,500	13,271	5,771
Fire Insurance Commissions	67,000	75,000	74,132	(868)
Other	700	700	1,150	450
State Supplemental Pay	-	-	11,950	11,950
User Fees	340,000	340,000 *	392,670	52,670
911 Fees	35,000	40,000	39,409	(591)
Federal Grant	1,000	1,000	133,382	132,382
Total Revenues	906,293	974,971	1,278,481	303,510
Expenditures:				
Public Safety:				
Salaries and Call-Out Reimbursements	222,903	325,113	348,022	(22,909)
Collection Fees	-	-	86,137	(86,137)
Election Expense	-	9,077	9,077	-
Dues and Subscriptions	1,774	1,775	2,076	(301)
Fuel and Oil	20,200	17,010	17,367	(357)
Insurance	63,404	62,375	71,443	(9,068)
Janitorial and Kitchen Supplies	3,000	3,000	3,034	(34)
Maintenance Contracts	5,000	1,771	1,771	-
Miscellaneous	8,839	9,761	16,755	(6,994)
Office Supplies and Postage	8,800	8,800	8,150	650
Professional Fees	18,000	12,866	14,901	(2,035)
Repairs and Maintenance	34,940	29,563	39,088	(9,525)

* User Fee Revenue was budgeted net of the related collection expense.

(CONTINUED)

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Expenditures (Continued):				
Public Safety (Continued):				
Small Tools and Supplies	75,085	47,741	40,488	7,253
Taxes, Licenses and Permits	24,542	20,008	24,346	(4,338)
Telephone	11,613	11,612	15,869	(4,257)
Training and Continued Education	12,000	8,000	9,124	(1,124)
Utilities	23,226	20,362	20,705	(343)
Total Public Safety	533,326	588,834	728,353	(139,519)
Capital Outlay:				
Fire Fighting Equipment	160,047	150,862	199,662	(48,800)
Total Capital Outlay	160,047	150,862	199,662	(48,800)
Debt Service:				
Principal Retirement	249,774	249,774	249,787	(13)
Interest Expense	39,955	39,955	39,956	(1)
	<u>289,729</u>	<u>289,729</u>	<u>289,743</u>	<u>(14)</u>
Total Expenditures	983,102	1,029,425	1,217,758	(188,333)
Excess of Revenues Over Expenditures	(76,809)	(54,454)	60,723	115,177
Fund Balance - Beginning of Year	<u>1,165,806</u>	<u>1,165,806</u>	<u>1,165,806</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 1,088,997</u></u>	<u><u>\$ 1,111,352</u></u>	<u><u>\$ 1,226,529</u></u>	<u><u>\$ 115,177</u></u>

The notes to the financial statements are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

Note 1 - Summary of Significant Accounting Policies -

A. Organization and Nature of Operations

The Fire Protection District No. 4 "the District" of Livingston Parish is a body corporate created by the Livingston Parish Council as provided by Louisiana Revised Statutes. The Fire District is governed by a board of five commissioners, two of whom are appointed by the Livingston Parish Council, one of whom is appointed by the Mayor and Board of Aldermen of the City of Walker, Louisiana, one of whom is appointed by the Mayor and Board of Aldermen of the Village of Port Vincent, Louisiana, and one member to be selected by the four members appointed. The Fire District was created on March 22, 1975 for the purpose of providing fire protection and prevention to District No. 4 of the Parish of Livingston.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. The governmental funds presented in the financial statements are described as follows:

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

Debt Service Fund

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

C. Measurement Focus/Basis of Accounting

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The GWFS were prepared using 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*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

The District does not allocate indirect expenses.

Basic Financial Statements - Governmental Funds

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The General Fund and the Debt Service Fund are considered major funds of the District.

The modified accrual basis of accounting is used by Governmental Funds. 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 (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. The taxes are generally collected in December, January, and February of the fiscal year.

Interest income is composed of interest from interest-bearing demand deposits, from time deposits and from ad valorem taxes. Interest earned on idle cash, cash equivalents, and investments is recorded when the income is both measurable and available.

Intergovernmental revenues are recorded when the income is both measurable and available.

Grant revenues are recorded when the District is entitled to reimbursement of expenditures under the terms of the grant.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Other revenues are recorded when the money is received because they are generally not measurable until actually received.

Expenditures

Principal and interest on general long-term obligations are recognized when due. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

D. Budgetary Practices

The District utilizes the following budgetary practices:

1. The Fire Chief prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

The adopted budget constitutes the authority of the Fire Chief to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except encumbrances, lapse at the end of each year.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

E. Bad Debts

Uncollectible amounts due for property taxes are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Estimated uncollectible amounts due for user fees are recognized as bad debts as a reduction of revenue, as a lien cannot be placed on the property for these uncollectible fees.

F. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting is used by the General Fund to reserve portions of certain appropriations relating to purchase orders, contracts, and other commitments for the expenditure of resources. In accordance with generally accepted accounting principles, outstanding encumbrances at year-end for which goods and services have been received are reclassified as expenditures and accounts payable. For budgetary purposes, appropriations lapse at year end and are either canceled or are re-appropriated in next year's budget.

Encumbrances outstanding at year end, that are reported as reservations of fund balances, do not constitute expenditures or liabilities, but represent commitments that will be reappropriated and honored next year by the District. At year end, the District did not reserve any fund balance due to encumbrances.

G. Cash and Cash Equivalents

Cash includes petty cash, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District 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. Cash and cash equivalents are presented at cost in the District's balance sheet.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

H. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed three months, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

GASB Statement 31 requires the District to report its investments at fair value in the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

I. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to five percent of the current year property tax levy.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

J. Prepaid Items

Payments for general insurance reflect costs that are applicable to future periods and are recorded as prepaid in the government wide financial statements. In the fund financial statements, the entire payment is treated as a current expenditure even though future periods benefit from the advance payment.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

K. Capital Assets and Depreciation

Capital assets include any land, buildings, furniture, fixtures, equipment, and vehicles owned by the District. All capital assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. At December 31, 2003 the District had no donated assets. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset.

All buildings, improvements, furniture and fixtures, equipment and vehicles are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	10 - 30
Equipment	5 - 25
Vehicles	5
Furniture and Fixtures	5

L. Transfers and Interfund Loans

Transfers are advances between funds that are not expected to be repaid. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts in the fund financial statements. The "due from" and "due to" accounts are eliminated in the government wide financial statements.

M. Reservations and Designations of Fund Balances

Reserved fund balances represent those portions of the fund balance that are either not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources as approved by the Board of Commissioners or outside parties.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. 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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

Q. Accumulated Unpaid Vacation and Compensatory Pay

At December 31, 2003 the District's liability for accumulated unpaid vacation and compensatory pay has been recorded in the noncurrent liabilities.

R. Retirement Commitments

All employees of the District are required to be members of the Social Security System. This is the only retirement system of the District. The District contributed \$25,108 to the System during the year as its share of contributions. Future deficits in the system will be financed by the Federal Government and the District has no further liability to the system.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

S. Change in Accounting Principles and Restatement of Prior Year Fund Equity -

For the fiscal year ended December 31, 2003, the District implemented the following GASB Standards:

- Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*
- Statement No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues*
- Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*
- Statement No. 38 - *Certain Financial Statement Note Disclosures*
- Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The transition from governmental fund balances total equity to net assets for December 31, 2002 is presented below:

	<u>Governmental Activities</u>
Total Fund Balances/Fund Equity, as Previously Reported	\$ 1,210,764
Prepaid Assets	6,822
Capital Assets, Net of Depreciation	2,071,455
Accrued Interest Payable	(4,461)
General Long-Term Debt (Restated)	<u>(1,126,479)</u>
Restated Net Assets, December 31, 2002	<u>\$ 2,158,101</u>

Note 2 - Property Taxes -

On October 1, 1994, the voters of District No. 4 of Livingston Parish approved the renewal of a ten year 10 mill property tax to be assessed on the value of all property subject to taxation in the District. The tax will be levied annually for the period of ten years beginning January 1, 1995 and ending with the year 2004. The tax shall be used for the purpose of maintaining and operating the District's fire protection facilities and paying the costs of obtaining water for fire protection purposes, including charges for fire hydrant rentals and services.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The Fire District's taxes are collected by the Livingston Parish Tax Collector and are remitted to the Fire District monthly. The Fire District pays the Assessor's Office a fee for this service.

For the year 2003, taxes of 9.96 mills were levied on property with assessed valuations totaling \$58,485,360.

Total taxes assessed and taxes receivable at December 31, 2003, are as follows:

	<u>General Operations 9.66 Mills</u>	<u>Debt Service .30 Mills</u>	<u>Total</u>
<u>Revenues:</u>			
Total 2003 Taxes Assessed	\$ 564,965	\$ 17,545	\$ 582,510
Less: Estimated Taxes Uncollectible	<u>(28,385)</u>	<u>(976)</u>	<u>(29,361)</u>
Net Total 2003 Taxes Assessed	<u>\$ 536,580</u>	<u>\$ 16,569</u>	<u>\$ 553,149</u>
<u>Receivables:</u>			
2003 Property Tax Assessed	\$ 564,965	\$ 17,545	\$ 582,510
Less: Current Year Taxes Collected in 2003	<u>-</u>	<u>-</u>	<u>-</u>
Taxes Receivable - Current Year	564,965	17,545	582,510
Prior Year Tax Receivables at December 31, 2002	502,302	26,084	528,386
Less: Prior Year Tax Collected in 2003	(475,855)	(24,624)	(500,479)

(CONTINUED)

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

	<u>General Operations 9.66 Mills</u>	<u>Debt Service .30 Mills</u>	<u>Total</u>
<u>Receivables</u> (Continued):			
Less: Prior Year Receivables Charged Against Allowance	<u>(26,388)</u>	<u>(1,456)</u>	<u>(27,844)</u>
Taxes Receivable - Prior Years	<u>59</u>	<u>4</u>	<u>63</u>
Total Property Taxes Receivable at December 31, 2003	565,024	17,549	582,573
Allowance for Uncollectible Accounts	<u>(28,249)</u>	<u>(878)</u>	<u>(29,127)</u>
Net Property Tax Receivable at December 31, 2003	<u>\$ 536,775</u>	<u>\$ 16,671</u>	<u>\$ 553,446</u>

Note 3 - Interfund Receivables and Payables -

From time to time, the Fire District may pay for certain fees with general funds rather than with debt service funds as a matter of convenience. The fund will then reimburse the other fund for amounts advanced on its behalf. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

	<u>Due from Debt Service Fund</u>	<u>Due to General Fund</u>
General Fund	\$ 175	\$ -
Debt Service Fund	<u>-</u>	<u>175</u>
Total	<u>\$ 175</u>	<u>\$ 175</u>

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Note 4 - Changes in General Fixed Assets -

A summary of changes in general fixed assets follows:

	<u>Balance December 31, 2002</u>	<u>Reclassifications/ Adjustments</u>	<u>Balance December 31, 2002 (As Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2003</u>
<u>Governmental Activities:</u>						
Capital Assets not being Depreciated:						
Land	\$ 38,009	\$ -	\$ 38,009	\$ -	\$ -	\$ 38,009
Total Capital Assets not being Depreciated	38,009	-	38,009	-	-	38,009
Capital Assets being Depreciated:						
Buildings	564,097	-	564,097	-	-	564,097
Furniture and Fixtures	650,346	-	650,346	179,662	-	830,008
Vehicles	1,619,322	468,000	2,087,322	20,000	-	2,107,322
Total Capital Assets being Depreciated	2,833,765	468,000	3,301,765	199,662	-	3,501,427
Less: Accumulated Depreciation for:						
Buildings	-	92,120	92,120	14,331	-	106,451
Furniture and Fixtures	-	421,752	421,752	58,811	-	480,563
Vehicles	-	754,447	754,447	141,425	-	895,872
Total Accumulated Depreciation	-	1,268,319	1,268,319	214,567	-	1,482,886
Total Capital Assets being Depreciated, Net	2,833,765	(800,319)	2,033,446	(14,905)	-	2,018,541
Total Governmental Activities Capital Assets, Net	<u>\$2,871,774</u>	<u>\$ (800,319)</u>	<u>\$2,071,455</u>	<u>\$ (14,905)</u>	<u>\$ -</u>	<u>\$2,056,550</u>

Depreciation expense of \$214,567 was charged to the Public Safety function in the Statement of Activities.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Note 5 - Changes in Long-Term Debt -

The following is a summary of the long-term obligation transactions for the year ended December 31, 2003:

	<u>Bonds Payable</u>	<u>Certificates of Indebtedness</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-Term Obligations- January 1, 2003 (as Restated)	\$ 99,223	\$ 440,030	\$ 575,682	\$ 11,544	\$1,126,479
Additions	-	-	-	-	-
Deductions	<u>(24,693)</u>	<u>(117,295)</u>	<u>(132,492)</u>	<u>(3,998)</u>	<u>(278,478)</u>
Long-Term Obligations- December 31, 2003	<u>\$ 74,530</u>	<u>\$ 322,735</u>	<u>\$ 443,190</u>	<u>\$ 7,546</u>	<u>\$ 848,001</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2003:

	<u>Bonds Payable</u>	<u>Certificates of Indebtedness</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>	<u>Total</u>
Current Portion	\$ 25,934	\$ 123,735	\$ 137,348	\$ 1,887	\$ 288,904
Long-Term Portion	<u>48,596</u>	<u>199,000</u>	<u>305,842</u>	<u>5,659</u>	<u>559,097</u>
Total	<u>\$ 74,530</u>	<u>\$ 322,735</u>	<u>\$ 443,190</u>	<u>\$ 7,546</u>	<u>\$ 848,001</u>

Debt Service requirements to maturity, including interest requirements, are as follows:

	<u>Bonds Payable</u>	<u>Certificates of Indebtedness</u>	<u>Capital Leases</u>	<u>Total</u>
2004	\$ 29,723	\$ 138,380	\$ 151,594	\$ 319,697
2005	29,723	105,082	119,184	253,989
2006	22,419	104,739	102,979	230,137
2007	<u>-</u>	<u>-</u>	<u>102,979</u>	<u>102,979</u>
Total Principal and Interest	81,865	348,201	476,736	906,802
Less: Portion Representing Interest	<u>(7,335)</u>	<u>(25,466)</u>	<u>(33,546)</u>	<u>(66,347)</u>
Total Principal Outstanding	<u>\$ 74,530</u>	<u>\$ 322,735</u>	<u>\$ 443,190</u>	<u>\$ 840,455</u>

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

A. General Obligation Bond:

On October 28, 1976, the District issued a public improvement bond in the amount of \$450,000 for the purpose of purchasing, constructing, and acquiring land, building, equipment and other facilities to aid in providing fire protection to District No. 4. The bond was purchased by the United States Department of Agriculture - Farmers Home Administration. All bond proceeds were expended for the designated purpose prior to June 30, 1982.

On September 1, 1987, Farmers Home Administration under the requirements of the Omnibus Budget Reconciliation Act of 1986 was required to sell a number of randomly selected Community Program loans. The District's loan was one selected for sale. The new owner of the District's loan is Community Program Loan Trust and is being serviced by GMAC Commercial Mortgage Corporation. All subsequent payments and requirements of the original issue remain the same. The District makes payments on the bond indebtedness in annual installments of \$29,723 which includes interest at 5% per annum.

A schedule of the outstanding 1976 General Obligation Bond and the interest and principal requirements by dates is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 28, 2004	\$ 25,934	\$ 3,789	\$ 29,723
October 28, 2005	27,259	2,464	29,723
October 28, 2006	<u>21,337</u>	<u>1,082</u>	<u>22,419</u>
Total General Obligation Bond	<u>\$ 74,530</u>	<u>\$ 7,335</u>	<u>\$ 81,865</u>

B. General Obligation Certificate of Indebtedness:

On May 16, 1997, the District issued Excess Revenue Certificates of Indebtedness, Series, 1997, in the amount of \$750,000 at an annual interest rate of 5.37% for the purpose of purchasing five fire trucks. All proceeds were expended for the purchase of the five trucks in 1997.

The Certificates are secured and payable solely from a pledge and dedication of the excess of annual revenues above statutory, necessary and usual charges of the District for each fiscal year beginning January 1, 1997 through December 31, 2006.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

A schedule of the outstanding Certificates and the interest and principal requirements by dates is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 15, 2004	\$ 91,000	\$ 7,786	\$ 98,786
November 15, 2004	-	5,343	5,343
May 15, 2005	97,000	5,343	102,343
November 15, 2005	-	2,739	2,739
May 15, 2006	<u>102,000</u>	<u>2,739</u>	<u>104,739</u>
Total 1997 Series	<u>\$ 290,000</u>	<u>\$ 23,950</u>	<u>\$ 313,950</u>

On September 20, 1999, the District issued Excess Revenue Certificates of Indebtedness, Series 1999, in the amount of \$150,000 for the purpose of purchasing three rescue and service trucks.

The certificates were issued in the form of two single fully registered Certificates, with one Certificate in the denomination and principal amount of One Hundred Twenty-Seven Thousand, Five Hundred and No/100 Dollars (\$127,500) and numbered R-1 ("Certificate R-1"), bearing an annual interest rate of 5.37% and the other Certificate in the denomination and principal amount of Twenty-Two Thousand, Five Hundred and No/100 Dollars (\$22,500) and numbered R-2 ("Certificate R-2"), bearing an annual interest rate of 0.00%.

The certificates are secured and payable, on a parity with the Series 1997 Certificates, solely from a pledge and dedication of the excess of annual revenues, above statutory, necessary and usual charges in each of the Fiscal Years 1999-2004, inclusive.

A schedule of the outstanding certificates and the interest and principal requirements by date is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 15, 2004	\$ -	\$ 758	\$ 758
September 15, 2004	<u>28,235</u>	<u>758</u>	<u>28,993</u>
Total 1999 Series Certificate R-1	28,235	1,516	29,751
September 15, 2004	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total 1999 Series Certificate R-2	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total 1999 Series	<u>\$ 32,735</u>	<u>\$ 1,516</u>	<u>\$ 34,251</u>

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

C. Obligations Under Capital Lease:

In April 2002, the District acquired certain radio equipment which was financed through an installment purchase agreement. The agreement requires 36 monthly payments of principal and interest of \$4,051 through April 2005 bearing interest at 4.35%. The debt is serviced through the General Fund.

A schedule of the outstanding capital lease interest and principal retirements for this equipment by dates is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31, 2004	\$ 46,806	\$ 1,809	\$ 48,615
December 31, 2005	<u>16,059</u>	<u>146</u>	<u>16,205</u>
Total Capital Lease	<u>\$ 62,865</u>	<u>\$ 1,955</u>	<u>\$ 64,820</u>

In October 2002, the District acquired three commercial pumpers which were financed through an installment purchase agreement. The agreement requires five annual payments of principal and interest of \$102,979 through October 2007 bearing interest at 3.27%. The debt is serviced through the General Fund.

A schedule of the outstanding capital lease interest and principal retirements of these pumpers by dates is as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 26, 2004	\$ 90,542	\$ 12,437	\$ 102,979
October 26, 2005	93,504	9,475	102,979
October 26, 2006	96,561	6,418	102,979
October 26, 2007	<u>99,718</u>	<u>3,261</u>	<u>102,979</u>
Total Capital Lease	<u>\$380,325</u>	<u>\$ 31,591</u>	<u>\$ 411,916</u>

Note 6 - Intergovernmental Revenues -

During the year ended December 31, 2003, the District received state revenue sharing funds of \$75,937.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Note 7 - Litigation -

At December 31, 2003, there is no litigation pending against the Fire District that could be expected to exceed the amount of insurance coverage.

Note 8 - Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agent, the District had cash and cash equivalents totaling \$62,823 with a carrying value of \$56,823 at December 31, 2003. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The following is a summary of cash and cash equivalents at December 31, 2003, with the related federal deposit insurance and pledged securities, if any. The cash and cash equivalents at December 31, 2003, were secured as follows:

	<u>Confirmed Bank Balance December 31, 2003</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash in Interest Bearing Checking Accounts	\$ <u>62,823</u>	\$ <u>100,000</u>	\$ <u>-</u>
Total	\$ <u>62,823</u>	\$ <u>100,000</u>	-
Uncollateralized - Securities Pledged and Held by the Custodial Bank in the Name of the Fiscal Agent			<u>733,873</u>
Deficiency of FDIC Insurance and Pledged Securities over Cash and Cash Equivalents			<u>\$ None</u>

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodian bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Note 9 - Investments -

The Fire District has invested monies into LAMP. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. At December 31, 2003 the Fire District has \$329,971 invested in LAMP which is stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In accordance with GASB Codification Section 150.165, these investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

Note 10 - Fire Protection Service Fees -

On July 20, 1996, a special election was held within District No. 4. The voters of District No. 4 of Livingston Parish approved the authorization to collect an amount not to exceed \$32.00 per annum for each residential or commercial structure for a term not to exceed ten years commencing January 1, 1997.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Total Fire Protection Service Fees estimated to collect for the year 2003 is as follows:

Total Number of Residential and Commercial Structures within the District Billed by Assessor	12,413 <u>X \$ 32.00</u>
Total Gross 2003 Service Fees to Collect	397,216
Less: Estimated 6% Uncollectible	<u>(23,833)</u>
Total Net 2003 Service Fees to Collect	373,383
Service Fees Collected in 2003	<u> -</u>
Net Service Fees Receivable at December 31, 2003	<u>\$373,383</u>

Note 11 - On-Behalf Payments -

GASB No. 24 requires government employers to disclose the amount recognized in the financial statements for on-behalf payments of salaries and fringe benefits.

Supplementary salary payments are made by the State of Louisiana directly to certain District employees. The District is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution made by the State. For the fiscal year ended December 31, 2003, the State paid supplemental salaries to the District's employees in the amount of \$11,950.

Note 12 - Per Diem - Paid Board Members -

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$30 for attending each regular or special meeting of the board. Per diems paid to the board members for this year were as follows:

Commissioner	Term of Office	Amount Received
Ivy B. Day, Chairman	January 2005	\$ -
Ricky E. Goff, Vice Chairman	January 2006	330
James W. Rawls, Sr.	January 2006	330
Robert T. Dugas	January 2006	-
Clifton Q. Caston	January 2005	<u>300</u>
		<u>\$ 960</u>

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF THE BASIC FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



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June 7, 2004

Board of Commissioners
Fire Protection District No. 4 of
Livingston Parish
Livingston Parish Council
Denham Springs, Louisiana

We have audited the basic financial statements of the Fire Protection District No. 4 of Livingston Parish, Louisiana, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 7, 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 the District's 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 instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2003-1 and 2003-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-3.

Fire Protection District No. 4 of
Livingston Parish
Livingston Parish Council

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weaknesses.

This report is intended for the use of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Fire Protection District No. 4 of Livingston Parish, Louisiana, is a matter of public record.

Respectfully submitted,

Harris J. Bourgeois, CPA

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

Compliance Finding:

2003-1 – Failure to Amend Budget -

Finding:

During our current year audit, it was noted that actual expenditures exceeded the budgeted expenditures in the General Fund by greater than a 5% variance. The total expenditures exceeded the budgeted expenses (as adjusted for user fee collection charges of \$86,137 budgeted net of revenues for budget purposes) by \$102,196 or 10%.

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more.

Recommendation:

We recommend that management more closely monitor the expenditures and other financing uses and amend the budget as necessary to stay below the 5% variance as required by state law.

Management's Response:

Management concurs with this finding and will implement the recommendation cited above.

2003-2 – Budget Documentation -

Finding:

During the current year, it was noted that a hard copy of the original and final amended budget was not readily available and could not be easily located by management.

Recommendation:

Although it was noted that the original and amended budgets were properly approved after a public hearing, we recommend that in the future that the original and final amended budgets be attached in printed form to the applicable board minutes where the budget action was formally taken.

Management's Response:

Management concurs with this finding and will implement the recommendation cited above.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2003

Internal Control Finding:

2003-3 – Audit Journal Entries -

Finding:

During the current year, it was noted that adjusting journal entries from the previous year's audit were not posted in the District's general ledger timely. The entries were not posted until March of 2004.

Recommendation:

We recommend that all audit adjustments be posted to the general ledger in a timely manner and all fund balances be reconciled to the audited financial statements. Without timely posting of journal entries additional errors could occur and not be detected timely.

Management's Response:

Management concurs with this finding and will implement the recommendation cited above.

**FIRE PROTECTION DISTRICT NO. 4 OF
LIVINGSTON PARISH**

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2003

Compliance Findings:

None

Internal Control Findings:

Finding 2002-01 Cash:

During the prior year, it was noted that bank reconciliations had not been prepared for the two bank accounts during the year ended December 31, 2002. Those reconciliations were completed after December 31, 2002 and any adjustments that were required to be made were included in the financial statements.

Recommendation:

We recommended that all bank reconciliations be prepared on a monthly basis. Upon completion, these reconciliations should be reviewed by appropriate personnel. By completing these reconciliations in a timely manner, internal controls over cash would be greatly improved. When accounts are not reconciled timely, there is an increased risk of error and fraudulent activities occurring and not being detected in a timely manner.

Corrective Action:

Management concurred with our recommendation and they have begun to prepare their bank reconciliations in a timely manner.

Additional Recommendation:

However, since the adjusting journal entries from the previous year's audit were not posted in the general ledger timely (as cited in Finding 2003-2), the bank reconciliations were not in agreement with the actual general ledger balances during the entire year.

As cited in the recommendation to Finding 2003-2, all adjusting journal entries should be posted timely and all bank reconciliations must be reconciled to the general ledger each month.