

**Fire Protection District Five
of Livingston Parish, Louisiana**

Annual Financial Statements
As of and for the Year Ended December 31, 2003

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

Release Date 8-11-04

LEROY J. CHUSTZ
Certified Public Accountant
A Professional Accounting Corporation

Livingston Parish Fire Protection District Five

**Annual Financial Statements
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedules**

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

**Board Members of
Livingston Parish Fire Protection District Five
Denham Springs, Louisiana**

I have audited the accompanying basic financial statements of the **Livingston Parish Fire Protection District Five**, 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 basic financial statements are the responsibility of **Livingston Parish Fire Protection District Five'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, and the *Louisiana Governmental Audit Guide*. Those standards and the guide 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 the **Livingston Parish Fire Protection District Five**, as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America..

In accordance with *Government Auditing Standards*, I have also issued my report dated April 6, 2004, on my consideration of the **Livingston Parish Fire Protection District Five's** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts. 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the **Livingston Parish Fire Protection District Five's** basic financial statements. The accompanying required supplementary information, Parts I and II, as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of **Livingston Parish Fire Protection District Five**, but are required by the Governmental Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, I did not audit the information and I express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information listed in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Livingston Intergovernmental Commission. 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.

Leroy J. Chustz
Certified Public Accountant
April 6, 2004

Required Supplemental Information (Part 1)
Management's Discussion and Analysis

Fire Protection District No. 5
of Livingston Parish
Denham Springs, LA 70726
Management's Discussion and Analysis
December 31, 2003

This section of the Fire District No. 5 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 \$1,068,844.
- The Net Assets of the Governmental Activities showed an increase of \$55,419, which represents an increase of 5.5% increase.
- The total general fund balance at December 31, 2003, was \$452,087. This reflects an actual increase in 2003 to the general fund of \$21,326 or 4.95%.
- The total unrestricted general fund balance of \$452,087 represents 103% of current year total General Fund Expenditures.
- The District had a 10.76% increase in the amount of General Fund ad valorem tax revenue in 2003 as compared to 2002. This increase is due to the economic growth in the area and property values have also increased over the past few years. The ad valorem tax revenue in the General Fund totaled \$290,705 in 2003, representing 63.17% of the total General Fund 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 10 - 11 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 maintains two individual governmental funds, the General Fund and the Debt Service Fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Debt Service Fund, both of which are considered to be major funds.

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

The basic governmental fund financial statements can be found on Pages 13 and 15 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 18 to 28 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 \$1,068,844.

Cash and Cash Equivalents	\$ 201,066
Investments	77,581
Receivables, Net of Allowances	433,118
Other Assets	35
Capital Assets, Net of Depreciation	<u>1,276,557</u>
Total Assets	1,988,357
Current Liabilities	178,784
Non-current Liabilities	<u>740,729</u>
Total Liabilities	919,513
Net Assets:	
Invested in Capital Assets, Net of Related Debt	403,705
Restricted for Debt Service	213,052
Unrestricted	<u>452,087</u>
Total Net Assets	<u>\$1,068,844</u>

STATEMENT OF ACTIVITIES

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

Property taxes are the largest source of revenue for the District. The District collects 9.72 mills for operations and maintenance of equipment and 4.75 mills for debt service requirements. The operation and maintenance millage must be renewed every ten years. The current millage expires in 2004. The Debt Service millage expires in 2008, the final year of debt service on the bonds.

Other sources of revenue for the District include State Revenue Sharing, Fire Insurance Commissions, Grants, Donations, and Interest on investments. The following chart shows the major source of revenues and expenses.

Condensed Statement of Activities

Revenues:	
General Revenues	\$ 604,052
Expenses:	
Fire Protection	360,266
Interest Expense	48,028
Depreciation Expense	<u>140,339</u>
	<u>548,633</u>
Change in Net Assets	<u>\$ 55,419</u>

REVENUES

- Total property tax revenue increased \$21,776 or 5.30% from the previous year. This increase was a direct result of the assessed property values increasing in the local district. Property tax revenues represent 71.64% of the District's total revenues
- The District Received a federal grant in the amount of \$17,380 for the purchase of fire fighting software and equipment.
- The remaining revenues remained consistent with prior years.

EXPENSES

Total expenses increased by approximately \$46,000 or 8.50%. This increase was because of the following:

- Increase in supplies of approximately \$ 35,000 due to the purchase of several fire hydrants for the District that would be installed by Ward Two Water District at a cost of approximately \$13,000, and would become part of their water system. In 2004, the District will sign a cooperative endeavor to purchase approximately 25

additional fire hydrants to be installed throughout the District. Additionally, increases in supplies was due to the increase of the District's capitalization policy to over \$1,000.

- Group Insurance and Insurance expenses increased by approximately \$7,000 due to normal rate increases and additional personnel allowed group insurance.
- Utilities increased by approximately \$4,000 in 2003.

BUDGETARY HIGHLIGHTS

- The final amended budget for revenues reflects an increase of \$61,700. Federal Grant revenues were increased by approximately \$17,400, while property tax revenues increased by approximately \$42,000 and the remaining revenues were increased by \$2,300.
- In 2003, the District exceeded its revenue final budget by \$20,197, with the majority of this excess generated by favorable variances in property taxes of \$15,705 and State Revenue Sharing of \$3,582.
- The final amended budget for expenditures in 2003 reflects a increase of approximately \$20,000, with the largest increase in repairs and maintenance expenses of approximately \$7,000, while all the remaining expenses increased by only \$13,000.
- Total expenditures were less than the final amended budget by \$34,430.

CAPITAL ASSETS

Capital assets. The District's investment in capital assets as of December 31, 2003, was \$1,276,557(net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements ,and machinery and equipment. The total decrease in the District's investment in capital assets for 2003 was \$84,761. This was caused by the difference of capital assets purchased of \$55,578 and depreciation expense in 2003 of \$140,339.

LONG-TERM DEBT

At the end of the current year, the District had a general obligation bond outstanding in the amount of \$720,000 and capital leases outstanding in the amount of \$152,850. The bond is secured by a property tax millage assessed on the property within the District that is dedicated to the payment of the bonds. The remaining debt is secured by the general revenues of 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 Board Chairman James Lieux, P. O. Box 277, Denham Springs, LA 70727.

Basic Financial Statements
Government-Wide Financial Statements

Livingston Parish Fire District Five

Statement A

**Statement of Net Assets
December 31, 2003**

ASSETS

Current Assets

Cash & Cash Equivalents	\$	148,873
Certificates of Deposit (with maturities greater than three months)		129,773
Taxes Receivable (Net)		432,801
Interest Receivable		318
		711,765

Total Current Assets 711,765

Noncurrent Assets

Plant, Property and Equipment (Net)		1,276,557
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Total Noncurrent Assets 1,276,557

Other Assets

Utility deposits		35
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Total Assets 1,988,357

LIABILITIES

Current Liabilities

Accounts Payable - Vendors		43,720
Payroll Taxes Payable		2,943
Current portion of bond payable		105,000
Current portion of capital lease payable		27,121
		178,784

Total Current Liabilities 178,784

Non-current Liabilities

Obligation under capital lease		125,729
Bond Payable		615,000

Total Long-term Liabilities 740,729

Total Liabilities 919,513

NET ASSETS

Net Assets

Invested in fixed assets, net of related debt		403,705
Restricted for debt service		213,052
Unrestricted		452,087
		1,068,844

Total Net Assets \$ 1,068,844

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

Livingston Parish Fire District Five

Statement B

**Statement of Activities
For the Year Ended December 31, 2003**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Revenue (-Expense) and Changes in Net Assets Governmental Activities</u>
Expenses			
Governmental Activities - Fire Protection			
Personal Services and Benefits	\$ 102,235	\$ -	\$ -102,235
Operating Services	194,912	-	-194,912
Professional Fees	16,659	-	-16,659
Supplies	46,460	-	-46,460
Interest	48,028	-	-48,028
Depreciation Expense	140,339	-	-140,339
Total Protection Expenses	<u>548,634</u>	<u>-</u>	<u>-548,634</u>
General Revenues			
Ad Valorem			432,767
State Revenue Sharing			68,582
Fund Drive			33,462
Federal Grant			17,380
Fire Insurance Commission			34,008
Interest			7,262
State Supplemental Pay			9,000
Miscellaneous			1,591
Total General Revenues			<u>604,053</u>
Increase (Decrease), in Net Assets			<u>55,419</u>
Net Assets as restated at the Beginning of the Year (See Note 14)			1,013,425
Net Assets, End of Year			\$ <u>1,068,844</u>

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

Basic Financial Statements
Fund Financial Statements
Governmental Fund Financial Statements

Livingston Parish Fire District Five

Statement C

Balance Sheet
Governmental Funds
December 31, 2003

	General Fund	Debt Service	Total Governmental Funds
Assets			
Cash & Cash Equivalents	\$ 63,578	\$ 85,295	\$ 148,873
Certificates of Deposit (with maturities greater than three months)	129,773		129,773
Taxes Receivable (Net)	299,262	133,539	432,801
Interest Receivable	318		318
Intergovernmental Receivable		115	115
Utility Deposit	35		35
Total Assets	\$ 492,966	\$ 218,948	\$ 711,914
Liabilities & Fund Balance			
Liabilities:			
Accounts Payable	\$ 37,824	\$ 5,897	\$ 43,720
Accrued Payroll Liabilities	2,942		2,942
Intergovernmental Payable	115		115
Total Liabilities	40,880	5,897	46,777
Fund Balance:			
Restricted for Debt Service		213,051	213,051
Unreserved	452,087		452,087
Total Fund Balance	452,087	213,051	665,138
Total Liabilities & Fund Balance	\$ 492,967	\$ 218,948	\$ 711,915

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

Livingston Parish Fire District Five

Statement D

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2003

Total Fund Balances, Governmental Funds	\$ 665,138
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Governmental capital assets, net of Accumulated Depreciation	1,276,556
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:</p>	
Bonds payable - current portion	-105,000
Bonds payable - longterm portion	-615,000
Lease payable - current portion	-27,121
Lease payable - longterm portion	-125,729
Net Assets, Governmental Activities	\$ <u>1,068,844</u>

The accompanying notes are integral part of these financial statements.

Livingston Parish Fire District Five

Statement E

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

	General Fund	Debt Service	Total Governmental Funds
Revenues			
Ad Valorem	\$ 290,705	\$ 142,063	\$ 432,767
State Revenue Sharing	68,582		68,582
Fund Drive	33,462		33,462
Federal Grant	17,380		17,380
Fire Insurance Commission	34,008		34,008
Interest Earned	5,470	1,793	7,262
State Supplemental Pay	9,000		9,000
Miscellaneous Revenues	1,591		1,591
Total Revenues	<u>460,198</u>	<u>143,855</u>	<u>604,053</u>
Expenditures			
<i>Current Expenditures:</i>			
Salaries and Wages	102,234		102,234
Operating Services	164,822	7,023	171,845
Professional Services	16,659	15	16,674
Bad Debt Expense	13,883	6,209	20,092
Supplies	46,460		46,460
Miscellaneous	2,961		2,961
<i>Capital Outlay:</i>			
Capital Outlay	55,578		55,578
<i>Debt Service:</i>			
Principal	25,590	100,000	125,590
Interest	10,683	37,345	48,028
Total Expenditures	<u>438,871</u>	<u>150,592</u>	<u>589,463</u>
Net Change in Fund Balance	<u>21,327</u>	<u>-6,737</u>	<u>14,590</u>
Fund Balance, Beginning of Year	430,760	219,788	650,548
Fund Balance, End of Year	<u>\$ 452,087</u>	<u>\$ 213,051</u>	<u>\$ 665,138</u>

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

Livingston Parish Fire District Five

Statement F

Reconciliation of the Change 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 \$ 14,590

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 these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay 55,578

Depreciation expense -140,339

Amounts paid to retire debt are reported expenditures. However, in the statement of activities, these payments are reductions of liabilities and are not reported on the operating statement.

Bond Principal 100,000

Lease Principal 25,590

Change in Net Assets, Governmental Activities \$ 55,419

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

Basic Financial Statements
Notes to the Financial Statements

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE

Notes to the Financial Statements As of and for the Year Ended December 31, 2003

INTRODUCTION

The Livingston Parish Fire Protection District Five, ("the District"), is a body corporate created by the Livingston Parish Council (formally the Livingston Parish Police Jury), as provided by Louisiana Revised Statutes. The Fire District is governed by a board of five commissioners who are now appointed by the Livingston Parish Council.

The financial statements of the District have been prepared in accordance with accounting principals generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board, (GASB), is the standard setting body for governmental accounting and reporting. On June 30, 2002, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Livingston Parish Fire Protection District Five is considered a component unit of the Livingston Parish Council (formerly the Livingston Parish Police Jury). As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Livingston Parish Fire Protection District Five. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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.

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE

Notes to the Financial Statements

December 31, 2003

and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Livingston Parish Fire Protection District Five reports the following governmental funds:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund. The District also maintains a Debt Service fund. This fund is used to account for all debt fundings and retirements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE
Notes to the Financial Statements
December 31, 2003

investments with original maturities of three months or less from the date of acquisition. District's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Investments for the District are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectives.

Property Taxes

On July 15, 1995, a special election was held whereby the voters of the Fire Protection District No 5 of Livingston Parish approved the renewal of a 10 year, 10.14 mil ad valorem tax assessed on all property subject to taxation within the district for the purpose of "maintaining, operating and developing the District's fire protection facilities and for purchasing fire trucks and other fire fighting equipment." The renewal begins with the year 1995 and ends with the year 2004.

In addition, on July 17, 1999, the voters of Fire Protection District No 5 of Livingston Parish approved the authorization of the issuance of \$1,100,000 in General Obligation Bonds. The proceeds of said bonds are to be used to acquire, construct, or improve buildings, machinery and equipment. The bonds are to be paid through the levy of a 10-year ad valorem tax in a amount sufficient to pay maturing principal and interest each year. This tax shall begin with the year 1999 and ends with the year 2008.

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 15.22 mils were levied on property within the Fire District's boundaries.

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE
Notes to the Financial Statements
December 31, 2003

	General Obligations 9.72 Mils	Debt Service 5.50 Mils	Total
Revenues:			
2003 Property Tax Assessed	\$ 290,704.54	\$ 142,062.56	\$ 432,767.10

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. At December 31, 2003, the District did not have a formal capitalization policy establishing a capitalization/expense threshold.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	Estimated Lives
Buildings and building improvements	25-40 Years
Furniture and fixtures	5-7 Years
Vehicles	5-15 Years
Equipment	5-10 Years

H. Compensated Absences

At December 31, 2003, the District has no plan or provision for compensated absences pension plan or other

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE
Notes to the Financial Statements
December 31, 2003

post employment benefits. Vacation time cannot be accumulated and must be taken by the end of the year. There is no provision for leave carryover, therefore, leave accruals are not necessary.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported 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.

J. Fund Equity

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

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence that are beyond the control of management. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION

The District uses the following budget 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.

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE

Notes to the Financial Statements

December 31, 2003

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 the passage of a resolution prior to the commencement of the fiscal year for which the budget is 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.

3. CASH AND CASH EQUIVALENTS

At December 31, 2003, the District has cash and cash equivalents (book balances) totaling \$ 148,873 as follows:

Demand Deposit	<u>\$ 148,873.00</u>
Cash & Cash Equivalents	<u>\$ 148,873.00</u>

These deposits are stated at cost, which approximates market. Under state law, these 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. 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, the District has \$ 279,986 in deposits (collected bank balances). These deposits are secured from risk by \$ 250,213 (Category 1) of federal deposit insurance and \$29,773(Category 3) of pledged securities held by the custodial bank in the name of the fiscal agent bank.

4. INVESTMENTS

The District considers investments to be any treasury debt instruments, time deposits, or other legal investments with a maturity at purchase of more than 90 days. Investments are stated at market value.

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE
Notes to the Financial Statements
December 31, 2003

5. RECEIVABLES

The receivables of \$ 432,800.98 at December 31, 2003, are as follows:

Property Tax Receivable	\$ 432,767
State Revenue Sharing Receivable	26,000
Allowance for Doubtful Accounts	<u>(25,966)</u>
Receivables at December 31, 2003 (Net)	<u>\$ 432,801</u>

Uncollectible amounts 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.

6. CAPITAL ASSETS

Capital Assets at December 31, 2003, were as follows:

	Balance at 12-31-03	Additions	Deletions	Balance at 12-31-03
Land	\$ 67,087	\$ 0	\$ 0	\$ 67,087
Furniture & Fixtures	9,136	0	0	9,136
Buildings	560,397	0	0	560,397
Vehicles	1,604,079	4,200	0	1,608,279
Equipment	<u>161,724</u>	<u>51,378</u>	0	<u>213,102</u>
Total	<u>\$ 2,402,423</u>	<u>\$ 55,578</u>	<u>\$ 0</u>	<u>\$ 2,458,001</u>
Accumulated Depreciation December 31, 2003				<u>(1,181,445)</u>
Fixed Assets (Net) December 31, 2003				<u>\$ 1,276,556</u>

7. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

[GASB Statement No. 38 requires the following details about interfund transfers reported in the fund financial statements:

The composition of interfund balances as of December 31, 2003 is as follows:

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE
Notes to the Financial Statements
December 31, 2003

Due To/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>		
Debt Service	General Fund	\$	115
Total		<u>\$</u>	<u>115</u>

8. LEASES

Leases are accounted for in accordance with Section L20 of the GASB Codification and NCGA Statement No.5 which require governments to use the criteria contained in FASB Statement No.13, *Accounting for Leases*, and GASB Statement No. 13, *Accounting for operating Leases with Scheduled Rent Increases*, to classify lease as capital or operating leases.

The District has entered into a lease agreement to acquire or obtain the use of firefighting equipment (1998 HME fire truck with a 75' aerial ladder). The lease term is 10 years. The interest rate used in calculating present value is 5.9873%. The lease payments are to remain the same throughout the term of the lease. The lease agreement contains a fiscal funding clause which provides for cancellation in the event the District does not appropriate funds in subsequent years for the lease payments.

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

Due Date	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
March 10, 2004	\$ 27,121	\$ 9,152	\$ 36,273
March 10, 2005	28,746	7,527	36,273
March 10, 2006	30,467	5,807	36,274
March 10, 2007	32,291	3,982	36,273
March 10, 2008	<u>34,224</u>	<u>2,050</u>	<u>36,274</u>
	<u>\$ 152,849</u>	<u>\$ 28,518</u>	<u>\$ 181,367</u>

9. LONG-TERM OBLIGATIONS

On July 17, 1999, a special election was held whereby voters approved the incurring of debt and issuance of bonds in an amount not to exceed \$1,100,000.

On December 31, 1999, the District issued general obligation bonds in the amount of \$1,100,000 for the purpose of acquiring, constructed and improving buildings, machinery and equipment, including both real and personal property, to be used in providing fire protection to the property in the District.

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE

Notes to the Financial Statements

December 31, 2003

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

	<u>Bonds Payable</u>	<u>Obligations Under CAD Lease</u>	<u>Total</u>
Principal at January 1, 2003	\$ 820,000	\$ 178,440	\$ 998,440
Increase in Debt	0	0	0
Principal Paid	<u>(100,000)</u>	<u>(25,589)</u>	<u>(125,589)</u>
Principal Balance at December 31, 2003	<u>\$ 720,000</u>	<u>\$ 152,851</u>	<u>\$ 872,851</u>

A schedule of the outstanding 1999 General Obligation and interest and principal requirements by dates is as follows:

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
March 1, 2004	\$ 105,000	\$ 17,460	\$ 122,460
September 1, 2004		14,914	14,914
March 1, 2005	110,000	14,914	124,914
September 1, 2005		12,246	12,246
March 1, 2006	115,000	12,246	127,246
September 1, 2006		9,458	9,458
March 1, 2007	125,000	9,458	134,458
September 1, 2007		6,426	6,426
March 1, 2008	130,000	6,426	136,426
September 1, 2008		3,274	3,274
March 1, 2009	<u>135,000</u>	<u>3,273</u>	<u>138,273</u>
Totals	<u>\$ 720,000</u>	<u>\$ 110,095</u>	<u>\$ 830,095</u>

In accordance with R.S. 39:562, the Livingston Parish Fire Protection District Five is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property.

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE

Notes to the Financial Statements

December 31, 2003

In addition, the Livingston Parish Fire Protection District Five is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The entity was within this 75% limitation in 2003, when the sales tax bonds were issued.

10. ON-BEHALF PAYMENTS

GASB No.24 requires governmental 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 actual contribution made by the State. For the fiscal year ended December 31, 2002, the State paid supplemental salaries to the District's employees in the amount of \$9,000.00.

11. COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by Louisiana Revised Statute 32:772, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the board, and such reimbursement shall not exceed \$75.00 per day, not to exceed \$1,800.00 per annum to any one person, plus actual expenses. Per diem payments are as follows:

<u>Board Members Per Diem</u>	
James Lieux	\$ 450
Joe Kaczrowski	450
Lionel Kabel	270
Gary Howard	405
Earl Rainey	405
	<u>\$ 1,980</u>

12. CONTINGENT LIABILITIES

According to the Fire District's legal counsel, there is no pending litigation against the Fire District.

13. RESTATEMENT

The Board of Commissioners implemented new reporting model standards in the year 2003. As a result,

LIVINGSTON PARISH FIRE PROTECTION DISTRICT FIVE
Notes to the Financial Statements
December 31, 2003

beginning balances of fund equity have been restated and converted to net assets as reported in the government-wide financial statements. The details of said restatement are as follows:

Fund Balance at January 1, 2003	\$ 650,548
Fixed Assets (net) January 1, 2003	1,361,316
Bonds Payable January 1, 2003	(820,000)
Capital Lease Payable at January 1, 2003	<u>(178,439)</u>
Fund Balance restated at January 1, 2003	<u>\$ 1,013,425</u>

14. POSSIBLE RESTATEMENTS IN FUTURE PERIODS

At year ended December 31, 2006, GASB No.34 requires retroactive restatements of infrastructure owned by the District and also the associated accumulated depreciation. This could possible affect future periods net asset amounts.

Required Supplemental Information (Part II)

Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual Major Governmental Funds

Livingston Parish Fire District Five

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem	\$ 365,000	\$ 410,000	\$ 432,767	\$ 22,767
State Revenue Sharing	71,500	65,000	68,582	3,582
Fund Drive	25,000	33,000	33,462	462
Federal Grant	0	17,400	17,380	-20
Fire Insurance Commission	31,900	34,000	34,008	8
Interest Earned	7,000	8,000	7,262	-738
State Supplemental Pay	10,800	9,000	9,000	-
Miscellaneous Revenues	2,100	600	1,591	991
Total Revenues	<u>513,300</u>	<u>577,000</u>	<u>604,052</u>	<u>22,767</u>
Expenditures				
<i>Current Expenditures:</i>				
Salaries & Wages	107,000	106,000	102,234	-3,766
Operating Services	235,900	273,300	171,845	-101,455
Professional Services	19,500	18,000	16,674	-1,326
Bad Debt Expense	18,000	23,000	20,092	-2,908
Supplies	27,000	27,500	46,460	18,960
Miscellaneous	2,000	3,200	2,961	-239
<i>Capital Outlay:</i>				
Capital Outlay	-	-	55,578	55,578
<i>Debt Service:</i>				
Principal	126,000	126,000	125,590	-410
Interest	49,000	49,000	48,028	-972
Total Expenditures	<u>584,400</u>	<u>626,000</u>	<u>589,462</u>	<u>-36,538</u>
Excess Revenues (Expenditures)	<u>-71,100</u>	<u>-49,000</u>	<u>14,590</u>	<u>-13,771</u>
Fund Balance, Beginning of Year	<u>650,548</u>	<u>650,548</u>	<u>650,548</u>	
Fund Balance, End of Year	<u>\$ 579,448</u>	<u>\$ 601,548</u>	<u>\$ 665,138</u>	

Other Supplemental Information

Livingston Parish Fire Protection District Five

**Current Year Findings, Recommendations, and Corrective Action Plan
For the Year Ended December 31, 2003**

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

No Section I findings.

Section II - Internal Control and Compliance Material to Federal Awards

Section II not Applicable.

Section III - Management Letter

No Section III findings.

Livingston Parish Fire Protection District Five

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

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

No Section I findings.

Section II - Internal Control and Compliance Material to Federal Awards

Section II not applicable.

Section III Management Letter

No Section III findings.

Other Reports

**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***

**Board Members of
Livingston Parish Fire Protection District Five
Denham Springs, Louisiana**

I have audited the basic financial statements of the **Livingston Parish Fire Protection District Five**, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2003, and have issued my report thereon dated April 6, 2004. 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, and the *Louisiana Governmental Audit Guide*.

Compliance

As part of obtaining reasonable assurance about whether the **Livingston Parish Fire Protection District Five's** basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 is required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the **Livingston Parish Fire Protection District Five's** internal control over financial reporting to determine our 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 and use of the **Livingston Parish Fire Protection District Five** and its management, the Louisiana Legislative Auditor, the State of Louisiana and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Leroy J. Chustz

Certified Public Accountant, APAC
April 6, 2004