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Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Annual Financial Statements

As of and for the Two Years 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

**Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana**

**Annual Financial Statements
As of and for the Two Years Ended December 31, 2003**

TABLE OF CONTENTS

	Exhibit	Page
Independent Auditor's Report		1
Required Supplemental Information (Part I)		
Management's Discussion and Analysis		3
Basic Financial Statements		
Governmental Fund Balance Sheet/Statement of Net Assets December 31, 2003	A	14
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities For the Year Ended December 31, 2003	B	15
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities For the Year Ended December 31, 2002	B-1	17
Notes to the Financial statements		19
Other Supplemental Information		
Current Year Findings, Recommendations, and Corrective Action Plan	1	36
Status of Prior Audit Findings	2	37
Other Reports		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		40

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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairman, Mack Robertson
and Members of the Board of Commissioners
Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of Fire Protection District No. 7 of Livingston Parish, a component unit of the Livingston Parish Council, as of and for the two years ended December 31, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fire Protection District No. 7 of Livingston Parish's management. Our responsibility is to express opinions 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 the standards applicable to financial audits contained in *Governmental 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 opinions.

Fire Protection District No. 7 of Livingston Parish did not legally adopt a budget for its general fund for the two years ended December 31, 2003 in violation of Louisiana Revised Statutes § 39:1308, and is therefore unable to present a schedule of revenues, expenditures, and changes in fund balance - budget and actual for the general fund for the two years ended December 31, 2003. Presentation of such schedules for those governmental funds for which budgets are legally required or have been legally adopted is required by accounting principles generally accepted in the United States of America.

In our opinion, except for the omission of the schedule of revenues, expenditures, and changes in fund balance - budget and actual for the general fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fire Protection District No. 7 of Livingston Parish as of December 31, 2003, and the respective changes in financial position thereof for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

The Honorable Chairman, Mack Robertson
and Members of the Board of Commissioners
Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Page 2

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 25, 2004 on our consideration of Fire Protection District No. 7 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 read in conjunction with this report in considering the results of our audit.

As described in Note 1, the District has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of and for the two years ended December 31, 2003.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Fire Protection District No. 7 of Livingston Parish's basic financial statements. The supplemental information schedules listed in the table of contents as Exhibits 1 and 2 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 25, 2004

Required Supplemental Information (Part I)

Management's Discussion and Analysis

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis
As of and For the Two Years Ended December 31, 2003

As management of the Fire Protection District No. 7 of Livingston Parish (the District), we offer readers of the Fire Protection District No. 7 of Livingston Parish's financial statements this narrative overview and analysis of the financial activities of the Fire Protection District No. 7 of Livingston Parish, for the fiscal years ended December 31, 2003 and 2002. This management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the District's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of District finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the District based on information presented in the financial report and fiscal policies that have been adopted by the District. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the first year that the District has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement Number 34. This reporting model significantly changed the presentation of financial data, and also the manner in which the information is recorded. Prior year comparative information for this reporting period has been included in these financial statements, along with a narrative of the changes expected from one year to the next.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this MD&A.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

1. Government-Wide 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.

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis (Continued)
As of and For the Two Years Ended December 31, 2003

- A. The *statement of net assets* presents information on all of the District's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is 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 weakening.
- B. The *statement of activities* presents information showing how the government'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).

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the District into:

Governmental Activities that are principally supported by taxes and intergovernmental revenues.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net assets for the current year as compared to the prior year. For more detailed information, see the Statement of Net Assets on Exhibit A of this report.

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Assets:				
Current and Other Assets	\$ 48,125	\$ 50,731	\$ 48,125	\$ 50,731
Capital Assets	170,512	176,059	170,512	176,059
Total Assets	<u>\$ 218,637</u>	<u>\$ 226,790</u>	<u>\$ 218,637</u>	<u>\$ 226,790</u>
Liabilities:				
Long-Term Debt Outstanding	\$ 97,870	\$ 101,727	\$ 97,870	\$ 101,727
Other Liabilities	5,007	4,589	5,007	4,589
Total Liabilities	<u>\$ 102,877</u>	<u>\$ 106,316</u>	<u>\$ 102,877</u>	<u>\$ 106,316</u>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 72,642	\$ 74,332	\$ 72,642	\$ 74,332
Restricted	-	-	-	-
Unrestricted	43,118	46,142	43,118	46,142
Total Net Assets	<u>\$ 115,760</u>	<u>\$ 120,474</u>	<u>\$ 115,760</u>	<u>\$ 120,474</u>

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis (Continued)
As of and For the Two Years Ended December 31, 2003

The District assets exceeded its liabilities at the close of the most recent fiscal year by \$115,760 (*net assets*). Of this amount, \$43,118 are unrestricted net assets. The District's net assets are comprised of \$115,760 from Governmental Activities.

By far the largest portion of the District's net assets (62.75 percent) reflects its investment in capital assets (e.g., land, buildings, machinery & equipment, vehicles, District infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balances of unrestricted net assets (\$43,118) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in both categories of net assets, for the government as a whole. The same situation held true for the prior fiscal year.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on Exhibits B and B-1 of this report.

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis (Continued)
As of and For the Two Years Ended December 31, 2003

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	6,300	20,000	6,300	20,000
General Revenues:				
Property Taxes	24,041	25,396	24,041	25,396
Fire Insurance Premium Rebate	6,422	5,894	6,422	5,894
User Fee	22,778	20,933	22,778	20,933
State Revenue Sharing	3,388	3,828	3,388	3,828
Interest Earnings	211	120	211	120
Other Revenues	<u>1,568</u>	<u>10,746</u>	<u>1,568</u>	<u>10,746</u>
Total Revenues	\$ 64,708	\$ 86,917	\$ 64,708	\$ 86,917
Expenses:				
General Government	\$ -	\$ -	\$ -	\$ -
Public Safety	(61,549)	(60,588)	(61,549)	(60,588)
Interest on Long-Term Debt	<u>(7,873)</u>	<u>(4,542)</u>	<u>(7,873)</u>	<u>(4,542)</u>
Total Expenses	\$ (69,422)	\$ (65,130)	\$ (69,422)	\$ (65,130)
Change in Net Assets Before Transfers and Prior Period Adjustments				
Change in Net Assets Before Transfers and Prior Period Adjustments	\$ (4,714)	\$ 21,787	\$ (4,714)	\$ 21,787
Transfers	-	-	-	-
Prior Period Adjustments	-	<u>2,400</u>	-	<u>2,400</u>
Change in Net Assets	\$ (4,714)	\$ 24,187	\$ (4,714)	\$ 24,187
Net Assets, Beginning	\$ 120,474	96,287	\$ 120,474	\$ 96,287
Net Assets, Ending	\$ <u>115,760</u>	\$ <u>120,474</u>	\$ <u>115,760</u>	\$ <u>120,474</u>

Governmental Activities

The District's governmental net assets decreased by \$4,714, or 3.913% of the prior year ending net assets, to \$115,760. The overall decrease in net assets is due, primarily, to a decrease in contributions of capital assets and an increase in interest on long-term debt.

Property taxes are the largest revenue source for the District comprising 37.15% of total governmental revenue (see pie chart below). Property tax revenues decreased from fiscal year December 31, 2002 to December 31, 2003 by a total of \$1,355.

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis (Continued)
As of and For the Two Years Ended December 31, 2003

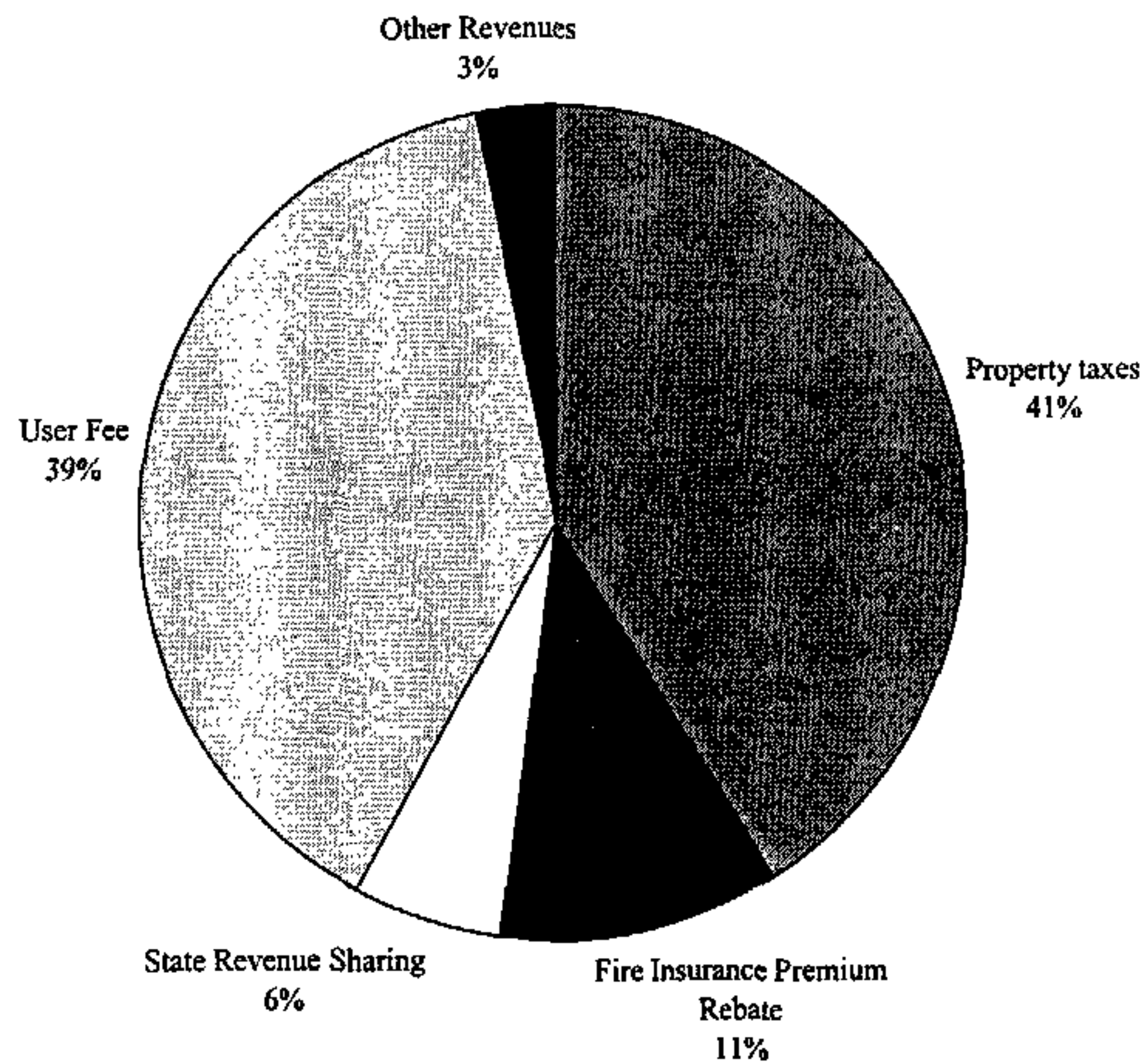
User fees are the second largest revenue source for the District comprising 35.20% of governmental revenue. For the year ended December 31, 2003, user fees collected increased \$1,845 from \$20,933 to \$22,778.

Fire insurance premium rebate is the third largest revenue source for the District comprising 9.92% of governmental revenue. For the year ended December 31, 2003, fire insurance premium rebate collected increased \$528 from \$5,894 to \$6,422.

General revenues are those available for the District to use to pay for the governmental activities described above. The following chart shows the District's general revenues:

Taxes:

Property taxes	\$ 24,041	41%
Fire Insurance Premium Rebate	6,422	11%
State Revenue Sharing	3,388	6%
User Fee	22,778	39%
Other Revenues	<u>1,779</u>	<u>3%</u>
	<u>\$ 58,408</u>	<u>100%</u>



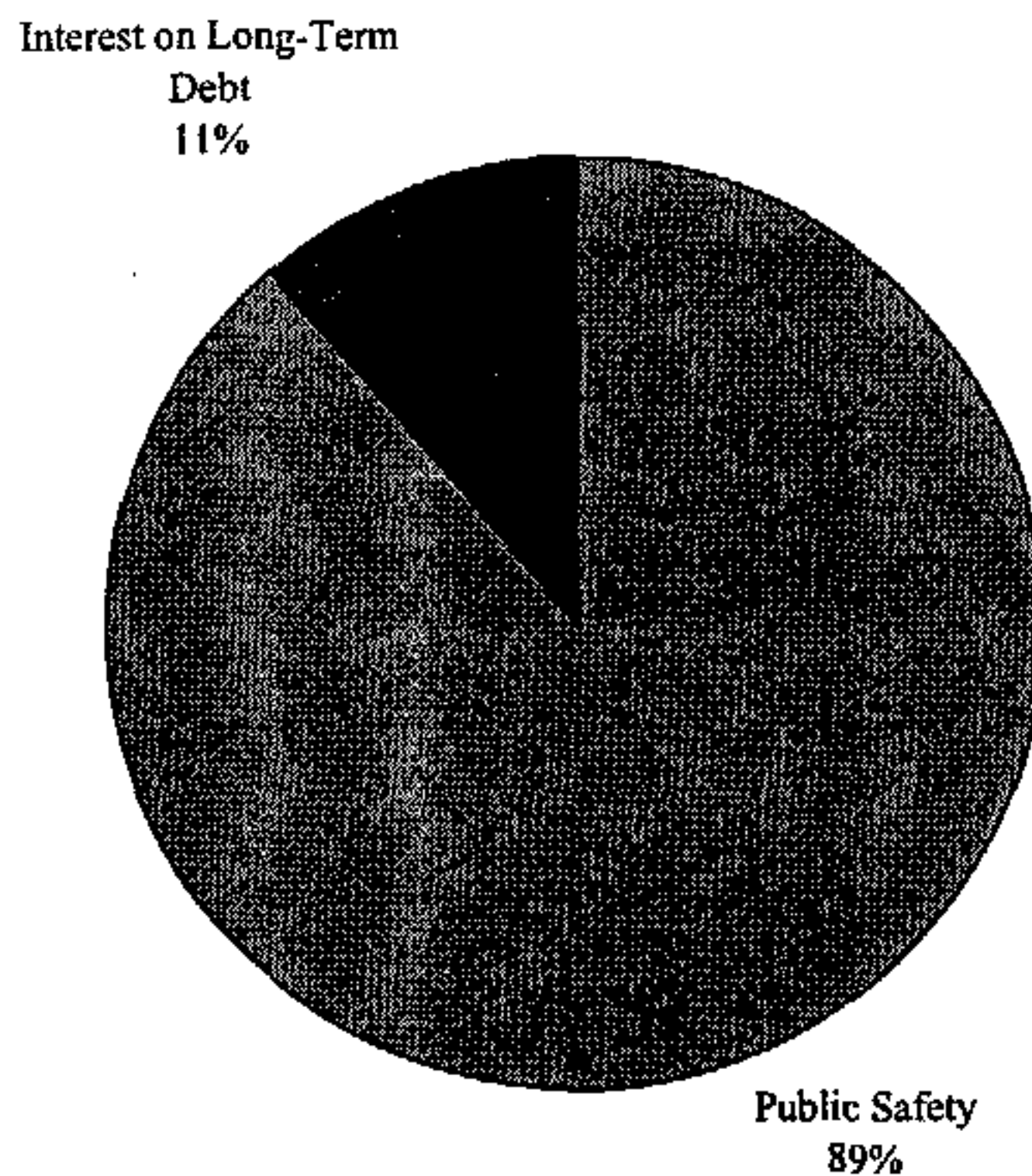
The increase in expenses noted above is primarily comprised of increased interest on capital leases. The increase in interest of \$3,331 is due to the addition of a new lease.

Fire Protection District No. 7 of Livingston Parish
 Management's Discussion and Analysis (Continued)
 As of and For the Two Years Ended December 31, 2003

The governmental activities of the District are composed of public safety.

Here we show the District's expenditures related to those functions typically associated with governments. In the chart below, public safety includes the fire department.

	<u>Amount</u>	<u>Percentage</u>
Public Safety	\$ 61,549	89%
Interest on Long-Term Debt	7,873	11%
	\$ 69,422	100%



2. 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 finance-related legal requirements.

- A. Governmental funds are used to account for most of the District's basic services as reported as governmental activities in the government-wide financial statements.

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis (Continued)
As of and For the Two Years Ended December 31, 2003

However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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 government 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. These reconciliations are located on Exhibits A and B of this report.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. There are no nonmajor governmental funds. The basic governmental fund financial statements can be found on Exhibit A, B and B-1 of this report.

Financial Analysis of the Governmental Fund

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$41,789, a decrease in the amount of \$3,760, or 8.25 % of the prior year's ending balance. This decrease is insignificant.

The general fund is the chief operating fund of the District. At the end of the current year, the total fund balance for the general fund was \$41,789, all of which was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 53.6% of total general fund expenditures, while total fund balance represents 53.6% of the same amount.

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis (Continued)
As of and For the Two Years Ended December 31, 2003

	General Fund
Fund Balance December 31, 2002	45,549
Fund Balance December 31, 2003	41,789
Increase (decrease) in Fund Balance	(3,760)

3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for 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 20 – 34 of this report.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2003 amounts to \$170,512 (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 the current fiscal year was 3.15 percent decrease for governmental activities.

Major capital asset additions during the current fiscal year included the following:

1. A 1975 Ford vehicle was acquired for the General Government by capital lease at a cost of \$9,375.
2. 63 Surviv-Air self-contained breathing apparatus were received as a contribution from the LaPlace Volunteer Fire Department at a fair market value of \$6,300.
3. Various fire-fighting equipment was acquired at a cost of \$4,167.

Additional information on the District's capital assets can be found in Note 5 of this report.

B. Long-Term Debt

At the end of the current fiscal year, the District had total capital lease debt outstanding of \$97,870. Of this amount, \$97,870 is secured by the individual capital assets leased. The lease agreements contain a fiscal funding clause which provides for the cancellation in the event the District does not appropriate funds in subsequent years for the lease payments.

The District's total debt decreased \$3,857 (3.79 percent) during the current fiscal year. Total principal payments were made on debt in the amount of \$13,357. A new lease was added during the current fiscal year in the amount of \$9,500.

Fire Protection District No. 7 of Livingston Parish
Management's Discussion and Analysis (Continued)
As of and For the Two Years Ended December 31, 2003

Additional information on the District's long-term debt can be found in Note 10 of this report.

Economic Factors and Next Year's Budget and Rates

The District did not adopt a budget for the 2004 fiscal year:

During the current fiscal year, unreserved fund balance in the General Fund decreased by \$3,760 to \$41,789.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mack Robertson, chairman, Post Office Box 244, Livingston, Louisiana 70754.

Basic Financial Statements

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Exhibit A

Governmental Fund Balance Sheet / Statement of Net Assets

December 31, 2003

	General Fund	Adjustments (Note 1)	Statement of Net Assets
Assets			
Cash and Cash Equivalents	\$ 1,116	\$ -	\$ 1,116
Receivables:			
Ad Valorem Tax, Net of Allowances for Uncollectibles	23,585	-	23,585
User Fee	21,024	-	21,024
Due from Other Governments	1,071	-	1,071
Prepaid Insurance	-	1,329	1,329
Capital Assets, net of Accumulated Depreciation	-	170,512	170,512
Total Assets	\$ 46,796	\$ 171,841	\$ 218,637
Liabilities			
Liabilities:			
Accounts Payable and Accrued Expenses	\$ 3,921	\$ -	\$ 3,921
Deductions from Ad Valorem Taxes Payable	1,086	-	1,086
Current Portion of Debt	-	15,822	15,822
Non-Current Portion of Debt	-	82,048	82,048
Total Liabilities	\$ 5,007	\$ 97,870	\$ 102,877
Net Assets			
Invested in Capital Assets, Net of Related Debt	\$ -	\$ 72,642	\$ 72,642
Unreserved - Undesignated	41,789	1,329	43,118
Total Net Assets	\$ 41,789	\$ 73,971	\$ 115,760

See accompanying notes and accountant's report.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Exhibit B

Statement of Governmental Fund Revenues, Expenditures, and Changes in
Fund Balances / Statement of Activities

For the Year Ended December 31, 2003

	General Fund	Adjustments (Note 1)	Statement of Activities
Expenditures			
Public Safety:			
Bank Charges	\$ (35)	\$ -	\$ (35)
Collection Fees	(1,935)	-	(1,935)
Assessor's Pension Fund	(1,086)	-	(1,086)
Insurance	(3,162)	736	(2,426)
Equipment Rental	(1,203)	-	(1,203)
Professional Fees	(2,119)	-	(2,119)
Repairs and Maintenance	(5,904)	-	(5,904)
Miscellaneous	(1,723)	-	(1,723)
Supplies & Small Equipment	(2,196)	-	(2,196)
Telephone & Utilities	(3,580)	-	(3,580)
Training	(1,176)	-	(1,176)
Uniforms & Gear	(831)	-	(831)
Vehicle Expenses	(11,720)	-	(11,720)
Volunteers	(226)	-	(226)
Depreciation	-	(25,389)	(25,389)
Capital Outlay	(19,842)	19,842	-
Debt Service:			
Lease Principal Payments	(13,357)	13,357	-
Interest	(7,873)	-	(7,873)
Total Expenditures / Expenses	\$ (77,968)	\$ 8,546	\$ (69,422)
General Revenues:			
Property Taxes	\$ 24,041	\$ -	\$ 24,041
Fire Insurance Premium Rebate	6,422	-	6,422
User Fee	22,778	-	22,778
State Revenue Sharing	3,388	-	3,388
Interest Earnings	211	-	211
Contributed Capital Assets	6,300	-	6,300
Other Income	1,568	-	1,568
Total General Revenues	\$ 64,708	\$ -	\$ 64,708
Excess (Deficiency) of Revenues over Expenditures	\$ (13,260)	\$ 8,546	\$ (4,714)

(Continued)

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Exhibit B
(Continued)

Statement of Governmental Fund Revenues, Expenditures, and Changes in
Fund Balances / Statement of Activities

For the Year Ended December 31, 2003

	General Fund	Adjustments (Note 1)	Statement of Activities
Other Financing Sources (Uses):			
Proceeds From Capital Leases	\$ 9,500	\$ (9,500)	\$ -
Total Other Financing Sources (Uses)	\$ 9,500	\$ (9,500)	\$ -
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)	\$ (3,760)	\$ (954)	\$ (4,714)
Fund Balance / Net Assets			-
Beginning of the Year	\$ 45,549	\$ 74,925	\$ 120,474
End of the Year	\$ 41,789	\$ 73,971	\$ 115,760

See accompanying notes and accountant's report.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Exhibit B-1

Statement of Governmental Fund Revenues, Expenditures, and Changes in
Fund Balances / Statement of Activities

For the Year Ended December 31, 2002

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Activities</u>
Expenditures			
Public Safety:			
Bank Charges	\$ (276)	\$ -	\$ (276)
Collection Fees	(808)	-	(808)
Assessor's Pension Fund	(1,171)	-	(1,171)
Insurance	(4,333)	92	(4,241)
Equipment Rental	(700)	-	(700)
Professional Fees	(4,229)	-	(4,229)
Repairs and Maintenance	(1,483)	-	(1,483)
Miscellaneous	(1,034)	-	(1,034)
Supplies & Small Equipment	(7,580)	-	(7,580)
Telephone & Utilities	(3,039)	-	(3,039)
Training	(109)	-	(109)
Uniforms & Gear	(1,291)	-	(1,291)
Vehicle Expenses	(8,149)	-	(8,149)
Volunteers	(4,821)	-	(4,821)
Depreciation	-	(21,657)	(21,657)
Capital Outlay	(31,808)	31,808	-
Debt Service:			
Lease Principal Payments	(20,199)	20,199	-
Interest	(4,542)	-	(4,542)
Total Expenditures / Expenses	<u>\$ (95,572)</u>	<u>\$ 30,442</u>	<u>\$ (65,130)</u>
 General Revenues:			
Property Taxes	\$ 25,396	\$ -	\$ 25,396
Fire Insurance Premium Rebate	5,894	-	5,894
User Fee	20,933	-	20,933
State Revenue Sharing	3,828	-	3,828
Interest Earnings	120	-	120
Contributed Capital Assets	20,000	-	20,000
Other Income	10,746	-	10,746
Total General Revenues	<u>\$ 86,917</u>	<u>\$ -</u>	<u>\$ 86,917</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>\$ (8,655)</u>	 <u>\$ 30,442</u>	 <u>\$ 21,787</u>

(Continued)

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Exhibit B-1
(Continued)

Statement of Governmental Fund Revenues, Expenditures, and Changes in
Fund Balances / Statement of Activities

For the Year Ended December 31, 2002

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Activities</u>
Other Financing Sources (Uses):			
Proceeds From Capital Leases	\$ 11,808	\$ (11,808)	\$ -
Total Other Financing Sources (Uses)	<u>\$ 11,808</u>	<u>\$ (11,808)</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)	\$ 3,153	\$ 18,634	\$ 21,787
Fund Balance / Net Assets			
Beginning of the Year	\$ 39,996	\$ 56,291	\$ 96,287
Prior Period Adjustment	2,400	-	2,400
End of the Year	<u>\$ 45,549</u>	<u>\$ 74,925</u>	<u>\$ 120,474</u>

See accompanying notes and accountant's report.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements

As of and For the Two Years Ended December 31, 2003

	<u>Page</u>
Introduction	20
1. Summary of Significant Accounting Policies	
A. Basis of Presentation	20
B. Financial Reporting Entity	20
C. Fund Accounting	21
D. Basis of Accounting	21-22
E. Government-Wide Financial Statements	22-23
F. Budgets	23-24
G. Cash and Cash Equivalents	24
H. Inventory	24
I. Prepaid Items	24
J. Capital Assets	25
K. Estimates	25
2. Levied Taxes	26
3. Cash and Cash Equivalents	27
4. Receivables	27
5. Capital Assets	28-29
6. Fire Protection Service Fees	30
7. Pension Plan	30
8. Other Postemployment Benefits	30
9. Compensation Paid Board Members	31
10. Long-Term Debt	32
11. Obligations Under Capital Leases	32-33
12. Short-Term Debt	34
13. Risk Management	34
14. Prior Period Adjustments	34

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

Introduction

Fire Protection District No. 7 of Livingston Parish was created by an ordinance of the Livingston Parish Council for the purpose of acquiring, maintaining, and operating buildings, machinery, water tanks, water hydrants, water lines, and any other things necessary to provide proper fire prevention and control of the property within the District. The District operates under the direction of a five-member board appointed by the Livingston Parish Council.

1. Summary Of Significant Accounting Policies

A. Basis Of Presentation

The accompanying basic financial statements of the Fire Protection District No. 7 of Livingston Parish have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999.

B. Financial Reporting Entity

All board members of the District are appointed by the Livingston Parish Council. As the governing authority of the Parish, for reporting purposes, the Livingston Parish Council is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the board members of the District are appointed by the Livingston Parish Council, the District was determined to be a component unit of the Livingston Parish Council.

The accompanying basic financial statements present information only on the funds maintained by the District and do not present information on the Livingston Parish Council, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

C. Fund Accounting

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities.

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts

Governmental Funds

Governmental funds account for all of 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.

Governmental funds of the District include:

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

D. Basis Of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds of Exhibits A, B and B-1, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District wide operations.

The amounts reflected in the Government-Wide Activities of Exhibits A, B and B-1, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

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

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred

E. Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Exhibit B) are derived directly from District's users as a fee for services; program revenues reduce the cost of the function to be financed from the District's general revenues.

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

Reconciliation:

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Exhibit B) and the Statement of Net Assets (Exhibit A) are as follows:

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

Exhibit B

Capitalization of Capital Assets	\$ 19,842
Record Depreciation Expense on Capital Assets	(25,389)
Record Lease Principal Payments	13,357
Record Net Change in Prepaid Insurance	736
Record Proceeds from Capital Leases	<u>(9,500)</u>
Net Effect of Changes	<u>\$ (954)</u>

Exhibit A

Recording Net Capital Assets	\$ 170,512
Prepaid Insurance	1,329
Current Portion of Debt	(15,822)
Non-current Portion of Debt	<u>(82,048)</u>
Net Effect of Changes	<u>\$ 73,971</u>

F. Budgets and Budgetary Accounting

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes 39:1301-14. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District must adopt a budget each year for the general fund and each special revenue fund, if applicable.
2. The Chairman must prepare a proposed budget and submit the proposed budget to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$250,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the District has jurisdiction. The proposed expenditures were less than \$250,000; therefore, a public hearing was not required.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was not adopted.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

exceeding amounts estimated require the approval of the Board of Commissioners.

5. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

The District did not comply with state law because a budget was not adopted.

G. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under State law, the District may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. Inventory

The District utilizes the "purchase method" of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The District did not record any inventory at December 31, 2003, as the amount is not material.

I. Prepaid Items

The District recognizes expenditures for insurance and similar services extending over more than one accounting period when paid.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

J. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$300 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	40
Equipment	7
Furniture & Fixtures	7
Equipment under Capital Lease	7

K. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

2. Levied Taxes

On November 5, 2002, a special election was held whereby the voters of Fire Protection District No. 7 of Livingston Parish renewed an annual levy of a 10 year 10 mill ad valorem tax assessed on all property subject to taxation within the District for the purpose of "maintaining and operating the District's fire protection facilities and for purchasing fire trucks and other fire fighting equipment." The tax begins with the year 2003 and ends with the year 2012.

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 10.00 mills were levied on property with assessed valuations totaling \$2,620,530.

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

General Fund	<u>General Operations 10.00 Mills</u>
2003 Property Tax Assessed	\$ 26,205
Less: Amounts Deemed Uncollectible	<u>(2,620)</u>
Net 2002 Property Taxes Deemed Collectible	23,585
<u>Less: Amounts Collected Prior to December 31, 2003</u>	<u>-</u>
Taxes Receivable - Current Year	23,585
Prior Year Tax Collected in 2003	26,414
Less: Prior Year Tax Receivable at December 31, 200	<u>(25,958)</u>
Excess Prior Year Tax Collected in 2003	<u>456</u>
Net Property Tax Revenue for 2003	<u>\$ 24,041</u>

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

3. Cash and Cash Equivalents

At December 31, 2003, the Fire District had cash and cash equivalents (book balances) totaling \$1,116, as follows:

Interest Bearing Demand Deposits	\$ <u>1,116</u>
----------------------------------	-----------------

The bank 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 the holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the Fire District had \$3,140 in bank deposits (collected bank balances).

These deposits are secured from risk as follows:

Bank Balances	\$ <u>3,140</u>
Federal Deposit Insurance	\$ 3,140
Uncollateralized (category 3): Pledged Securities	<u>-</u>
Total	\$ <u>3,140</u>

4. Receivables

The following is a summary of receivables at December 31, 2003:

Class of Receivable	General Fund
Ad Valorem Taxes	\$ 23,585
State Revenue Sharing	1,071
User Fees	<u>21,024</u>
	<u>\$ 45,680</u>

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

5. Capital Assets

A summary of changes in general fixed assets is as follows:

The following is a summary of the changes in capital assets for the year ended December 31, 2003

*Beginning balances were estimated at fair value at December 31, 2001, by the management of the District. Sufficient evidential records were unavailable at December 31, 2003, to determine actual ownership of the assets and/or actual historical costs.

Governmental Activities:

	<u>Balance</u> <u>31-Dec-02</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>31-Dec-03</u>
Capital Assets Not Depreciated:				
Land and Land Improvements	\$ 45,872	\$ -	\$ -	\$ 45,872
Total Capital Assets Not Being Depreciated	\$ 45,872	\$ -	\$ -	\$ 45,872
Other Capital Assets:				
Buildings/Improvements	\$ 50,000	\$ -	\$ -	\$ 50,000
Equipment	71,700	10,467	-	82,167
Furniture and Fixtures	10,000	-	-	10,000
Equipment under Capital Lease	<u>126,808</u>	<u>9,375</u>	<u>-</u>	<u>136,183</u>
Total Other Capital Assets	\$ 258,508	\$ 19,842	\$ -	\$ 278,350
Less Accumulated Depreciation for:				
Buildings/Improvements	\$ 13,250	\$ 1,250	\$ -	\$ 14,500
Equipment	50,309	6,483	-	56,792
Furniture and Fixtures	\$ 10,000	-	-	10,000
Equipment under Capital Lease	<u>54,762</u>	<u>17,656</u>	<u>-</u>	<u>72,418</u>
Total Accumulated Depreciation	<u>\$ 128,321</u>	<u>\$ 25,389</u>	<u>\$ -</u>	<u>\$ 153,710</u>
Other Capital Assets, Net	<u>\$ 130,187</u>	<u>\$ (5,547)</u>	<u>\$ -</u>	<u>\$ 124,640</u>
Totals	<u>\$ 176,059</u>	<u>\$ (5,547)</u>	<u>\$ -</u>	<u>\$ 170,512</u>

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

Government activities capital assets net of accumulated depreciation at December 31, 2002 are comprised of the following:

General Capital Assets, Net	<u>\$ 170,512</u>
Total	<u>\$ 170,512</u>

Depreciation was charged to governmental functions in the amount of \$25,389.

Property, plant, and equipment are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Equipment	7 years
Furniture and Fixtures	7 years
Equipment under Capital Lease	7 years

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements are summarized as follows:

Primary Government	
Capital Outlay	\$ 19,842
Depreciation Expense	<u>(25,389)</u>
Total Adjustment	<u>\$ (5,547)</u>

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

6. Fire Protection Services Fees

On July 17, 1999, a special election was held within District No. 7. The voters of District No. 7 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, 2000.

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	730 <u>X \$32.00</u>
Total Gross 2003 Service Fees to Collect	\$ 23,360
Less: Estimated 10% Uncollectible	<u>(2,336)</u>
Total Net 2003 Service Fees to Collect	21,024
Service Fees Collected in 2003	<u>-</u>
Net Service Fees - Current Year	21,024
Prior Service Fees Collected in 2003	15,956
Less: Prior Year Service Fees Receivable at December 31, 2002	<u>(14,202)</u>
Excess Prior Year Service Fees Collected in 2004	<u>1,754</u>
Total Net Service Fees Revenue in 2003	<u>\$ 22,778</u>

7. Pension Plan

The Fire District has no pension plan.

8. Other Postemployment Benefits

The Fire District has no other post employment benefits.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

9. Compensation Paid Board Members

Louisiana Revised Statute 40:1498 provides that each member of the Fire District may receive compensation in the amount of thirty dollars per meeting, not to exceed two meetings in any one calendar month. At the present time, the Fire District does not pay compensation to board members. A schedule of board member compensation for the year ended December 31, 2003 is as follows:

Robert Mack Robertson, Jr., Chariman 20864 Adam Averett Rd. Livingston, LA 70754 (225)698-6169 Expiration Date 1/1/05	\$ -
Charles McCon, Treasurer 25365 Satsuma Rd. Livingston, LA 70754 (225)698-6585 Expiration Date 1/1/05	\$ -
Jimmy Martin 25186 John Gayle Road Livingston, LA 70754 (225) 294-5718 Resigned 8/14/03	\$ -
Donald Sibley 18720 Johnny Wheat Road Livingston, LA 70754 (225) 698-9847 Expiration Date 1/1/04	\$ -
Rev. D. Ray Watts 25699 Satsuma Road Livingston, LA 70754 (225) 698-6623 Expiration Date 1/1/04	\$ -
Calton Ray Watts 26300 South Satsuma Road Livingston, LA 70754 (225)698-3936 Expiration Date 1/1/05	\$ -

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

10. Changes in Long-Term Debt

The Fire Protection District No. 7 of Livingston Parish, Livingston, Louisiana records items under capital leases as an asset and obligation in the accompanying financial statements.

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

	Obligations Under <u>Capital Lease</u>	<u>Total</u>
Principal Balance at January 1, 2002	\$ 101,727	\$ 101,727
Increase in Debt	9,500	9,500
Principal Paid	<u>(13,357)</u>	<u>(13,357)</u>
Principal Balance at December 31, 2003	<u>\$ 97,870</u>	<u>\$ 97,870</u>

11. Obligations Under Capital 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 leases as capital or operating leases. The GASB Codification and NCGA Statement No. 5 also require governmental fund assets under capital leases to be recorded as a capital asset and the lease obligation to be recorded as liabilities in the government-wide financial statements.

The District entered into a renegotiated lease agreement dated November 26, 2001, to acquire or obtain the use of fire fighting equipment and two used fire trucks. The lease term is for eight years. The interest rate used in calculating the present value is 5.75%. The lease payments are to remain the same throughout the term of the lease (\$16,183.55). The lease agreement contains a fiscal funding clause which provides for the cancellation in the event the District does not appropriate funds in subsequent years for the lease payments.

The District entered into a lease agreement dated February 5, 2002 to acquire or obtain the use of a 1992 Ford Econoline Ambulance. The lease term is for five years. The interest rate used in calculating the present value is 17.024%. The lease agreement contains a fiscal funding clause

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

which provides for the cancellation in the event the District does not appropriate funds in subsequent years for the lease payments.

The District entered into a lease agreement dated February 7, 2003 to acquire or obtain the use of a 1975 Ford C800 Diesel Truck. The lease term is for five years. The interest rate used in calculating the present value is 16.432 %. The lease agreement contains a fiscal funding clause which provides for the 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 leases together with the present value of the net minimum lease payments as of December 31, 2003:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Lease Dated November 26, 2001:			
2004	\$ 11,572	\$ 4,612	\$ 16,184
2005	12,237	3,947	16,184
2006	12,940	3,243	16,183
2007	13,685	2,499	16,184
2008	14,472	1,712	16,184
2009	<u>15,304</u>	<u>880</u>	<u>16,184</u>
Total for Lease Dated November 26, 2001	<u>80,210</u>	<u>16,893</u>	<u>97,103</u>
Lease Dated February 5, 2002			
2004	2,726	1,665	4,391
2005	2,636	877	3,513
2006	3,121	392	3,513
2007	<u>573</u>	<u>12</u>	<u>585</u>
Total for Lease Dated February 5, 2002	<u>9,056</u>	<u>2,946</u>	<u>12,002</u>
Lease Dated February 7, 2003			
2004	1,524	1,302	2,826
2005	1,794	1,032	2,826
2006	2,112	714	2,826
2007	2,486	340	2,826
2008	<u>688</u>	<u>19</u>	<u>707</u>
Total for Lease Dated February 7, 2003	<u>8,604</u>	<u>3,407</u>	<u>12,011</u>
Total for Capital Leases	<u>\$ 97,870</u>	<u>\$ 23,246</u>	<u>\$ 121,116</u>

The District has no operating leases at December 31, 2003.

Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Notes to the Financial Statements (Continued)

As of and For the Two Years Ended December 31, 2003

12. Short-Term Debt

The District had no short-term debt outstanding at December 31, 2003, and had no short-term debt activity during the year then ended.

13. Risk Management

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years

14. Prior Year Adjustments

Fund Balance at December 31, 2001	
as Originally Reported	\$ 39,996
Remove account payable for election expenses	<u>2,400</u>
Fund Balance at December 31, 2001	
as Restated	<u>\$ 42,396</u>

Other Supplemental Information

Fire Protection District No. 7 of Livingston Parish

Exhibit 1

**Current Year Findings, Recommendations, and Corrective Action Plan
For the Two Years 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.

Fire Protection District No. 7 of Livingston Parish

Exhibit 2

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

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

Reference Number: 2001-1

Fiscal Year Initially Occurred: Fiscal year ended December 31, 2001

Description of Finding: Fire Protection District No. 7 of Livingston Parish did not maintain accurate records and schedules of its fixed assets in violation of state statutes.

Corrective Action Taken: Final.

Reference Number: 2001-2

Fiscal Year Initially Occurred: Fiscal year ended December 31, 2001

Description of Finding: Fire Protection District No. 7 of Livingston Parish did not maintain complete and organized accounting records, resulting in its financial statements being submitted to the Legislative Auditor after the statutory six-month deadline.

Corrective Action Taken: Partial.

Partial Corrective Action: Fire Protection District No. 7 of Livingston Parish submitted its financial statements for the fiscal year ended December 31, 2002 to the Legislative Auditor after the statutory six-month deadline. Because of this second consecutive late submission, the Legislative Auditor required the District to perform a biennial audit for the two fiscal years ended December 31, 2003. These biennial financial statements were submitted to the Legislative Auditor within the six-month statutory time frame.

Reference Number: 2001-3

Fiscal Year Initially Occurred: Fiscal year ended December 31, 2001

Description of Finding: Fire Protection District No. 7 of Livingston Parish did not legally adopt a budget for its general fund in violation of state statutes.

Corrective Action Taken: No.

Planned Corrective Action: Fire Protection District No. 7 of Livingston Parish did not legally adopt a budget for its general fund for the two fiscal years ended December 31, 2003. The District has engaged its accountant to assist it in the preparation of a budget for its general fund for the fiscal year ending December 31, 2004, and plans to legally adopt that budget as soon as it is completed to the District's satisfaction.

(Continued)

Fire Protection District No. 7 of Livingston Parish

Exhibit 2

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

Reference Number: 2001-4

Fiscal Year Initially Occurred: Fiscal year ended December 31, 2001

Description of Finding: Fire Protection District No. 7 of Livingston Parish maintained additional bank accounts in the name of Colyell Volunteer Fire Department that were not originally included on their financial statements. The auditor discovered this and incorporated these transactions into the District's financial statements.

Corrective Action Taken: Final.

Reference Number: 2001-5

Fiscal Year Initially Occurred: Fiscal year ended December 31, 2001

Description of Finding: Fire Protection District No. 7 of Livingston Parish was required to renegotiate a capital lease because it failed to meet its obligation in a timely manner.

Corrective Action Taken: Final.

Section II - Internal Control and Compliance Material to Federal Awards

Section II not applicable.

Section III - Management Letter

No section III findings.

(Concluded)

Other Reports

Bruce C. Harrell, CPA

Warren A. Wool, CPA
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Chairman, Mack Robertson
and Members of the Board of Commissioners
Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

We have audited the financial statements of the governmental activities and each major fund of Fire Protection District No. 7 of Livingston Parish, as of and for the two years ended December 31, 2003, which collectively comprise Fire Protection District No. 7 of Livingston Parish's basic financial statements and have issued our report thereon dated June 25, 2004. The report was qualified because Fire Protection District No. 7 of Livingston Parish did not legally adopt a budget for its general fund for the two years ended December 31, 2003 in violation of Louisiana Revised Statutes § 39:1308, and was therefore unable to present a schedule of revenues, expenditures, and changes in fund balance - budget and actual for the general fund for the two years ended December 31, 2003. 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 Fire Protection District No. 7 of Livingston Parish'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 *Governmental Auditing Standards* which are described in the accompanying exhibit of status of prior audit findings as items 2001-2 and 2001-3.

BRUCE HARRELL & CO.
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The Honorable Chairman, Mack Robertson
and Members of the Board of Commissioners
Fire Protection District No. 7 of Livingston Parish
Livingston, Louisiana

Page 2

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fire Protection District No. 7 of Livingston Parish'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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Fire Protection District No. 7 of Livingston Parish and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statutes § 24:513.



Bruce Harrell & Company, CPAs
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June 25, 2004