

**LAFOURCHE PARISH FIRE PROTECTION  
DISTRICT No. 5  
LAFOURCHE PARISH, LOUISIANA**

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

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

Release Date 8-4-04



**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**LAFOURCHE PARISH, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
*As of and for the Year Ended December 31, 2003*

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**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**LAFOURCHE PARISH, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

This discussion and analysis of the Lafourche Parish Fire Protection District No. 5 financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

***Government-Wide Financial Statements***

One of the most important questions asked about finances is, "Is the Lafourche Parish Fire Protection District No. 5 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. You can think of net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the Lafourche Parish Fire Protection District No. 5.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**LAFOURCHE PARISH, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The Lafourche Parish Fire Protection District No. 5 utilizes mainly the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

***FINANCIAL HIGHLIGHTS***

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

- As a result of this year's operations assets exceeded liabilities by \$82,497 (net assets).
- Total net assets are comprised of the following:
  - (1) Investment in capital assets of \$34,696 including the cost of trucks, building and equipment, net of accumulated depreciation.
  - (2) Unrestricted net assets of \$47,801 representing the portion available to maintain the continuing obligations to citizens and creditors.
- Total spending for all public safety activities was \$54,095 for the year, which was \$35,437 more than the program revenues for these activities - \$18,658.
- The general revenues used to offset the deficit for program expenditures totaled \$48,218 for the year.
- The governmental funds reported total ending fund balance of \$47,801, of which all was considered unreserved. This compares to the prior year ending fund balance - of \$40,332, showing an increase of \$7,469 during the current year.
- Total revenue reported for all governmental funds was \$66,876. Total expenditures were \$59,407, including \$11,059 of capital expenditures. This resulted in an excess of revenue over expenditures for the year of \$7,469.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**LAFOURCHE PARISH, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

Net assets increased by \$12,782 as a result of this year's operations, which indicates that the overall financial position improved during the year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations.

Total revenues generated by governmental activities for the year were \$66,876 (\$18,658 in program revenues and \$48,218 in general revenues). The total cost of all public service programs and services was \$54,095.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The Lafourche Parish Fire Protection District No. 5 uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental funds reported a combined fund balance of \$47,801. This reflects an increase of \$7,469 from last year. This increase is primarily the result of the events and programs described within the analysis of the governmental activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$53,050
Amendments were made for:	
Increased Ad Valorem taxes received	5,810
Increased Intergovernmental revenue	7,658
Increased Interest	350
<b>Total revenue amendments</b>	<b>13,818</b>
Amended Budgeted Revenues	\$66,868

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**LAFOURCHE PARISH, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

Original Budgeted Expenditures	\$ 79,450
Amendments were made for:	
Increased current expenditures	18,550
Increased Capital Outlay	9,200
<b>Total expenditure amendments</b>	<b>27,750</b>
Amended Budgeted Expenditures	\$107,200

***CAPITAL ASSETS***

Capital assets, net of accumulated depreciation, for governmental activities at year-end was \$34,696. This year there was \$11,059 of additions to capital assets. Depreciation of \$5,746 was recorded on capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

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

Pursuant to the provisions of ordinances of the Terrebonne Parish Council and Lafourche Parish Council, State of Louisiana passed in November 2003; the two separate fire districts of Bayou Blue Fire Protection District and Lafourche Parish Fire Protection District No. 5 are to be combined as one entity. There was an organizational meeting of the appointed Board of Commissioners of the newly organized "Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche, State of Louisiana" on December 5, 2003. Among topics discussed were legal powers and authority of the newly formed District as a political subdivision, including the issuance of debt obligations and the special election for the continuance of a property tax to pay for equipment and property used by firefighters in a district that straddles the two Parishes.

In light of the passage of the May 3, 2003 election for the Bayou Blue Fire Protections District of the Parishes of Terrebonne and Lafourche, which provides for the ad valorem property taxation of the Bayou Blue community as a single taxing district, the Board of Commissioners of this entity will cease to levy the existing tax millage in the Parish of Lafourche.

The Board has directed that any funds remaining at December 31, 2003 under the existing ad valorem tax millage for the Lafourche Parish Fire Protection District No. 5 be dedicated as follows:

- For the payment of expenditures incurred in the year 2003 and paid in 2004.
- For the payment of the audit costs for the year 2003.
- For the payment of costs associated with the purchase of a fire truck.
- For the incidental costs to be incurred in the year 2004.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**LAFOURCHE PARISH, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2003*

Due to this directive, the Proposed Year 2004 Budget for the General Fund reflects no revenues and no expenditures.

***CONTACTING FINANCIAL MANAGEMENT***

This financial report is designed to provide a general overview of the Lafourche Parish Fire Protection District No. 5 finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Harvey Parks, Sr., Chairman  
1870 Bayou Blue Road  
Houma, LA 70364

**FINANCIAL SECTION**





# STAGNI & COMPANY, LLC

## *INDEPENDENT AUDITOR'S REPORT*

To the Board of Commissioners,  
Of the Lafourche Parish Fire Protection District No. 5,

We have audited the accompanying financial statements of the governmental activities and each major fund of Lafourche Parish Fire Protection District No. 5, a component unit of the Lafourche Parish Council, which collectively comprise the basic financial statements, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of Lafourche Parish Fire Protection District No. 5's, management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion the basic financial statements referred to above present fairly the financial position of the governmental activities of the Lafourche Parish Fire Protection District No. 5, as of December 31, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Lafourche Parish Fire Protection District No. 5 will continue as a going concern. As discussed in Note 9 to the financial statements, pursuant to the provisions of ordinances of the Terrebonne Parish Council and Lafourche Parish Council, State of Louisiana passed in November 2003; the two separate fire districts of Bayou Blue Fire Protection District and Lafourche Parish Fire Protection District No. 5 are to be combined as one entity. In light of the passage of the May 3, 2003 election for the Bayou Blue Fire Protections District of the Parishes of Terrebonne and Lafourche, which provides for the ad valorem property taxation of the Bayou Blue community as a single taxing district, the Board of Commissioners of this entity will cease to levy the existing tax millage in the Parish of Lafourche. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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To the Board of Commissioners,  
Of the Lafourche Parish Fire Protection District No. 5,  
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Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This Required Supplementary Information is the responsibility of the management of the Lafourche Parish Fire Protection District No. 5. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Other Supplementary Information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Lafourche Parish Fire Protection District No. 5. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2004, on our consideration of the Lafourche Parish Fire Protection District No. 5'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.

*Stagni & Company*

Thibodaux, LA  
May 27, 2004



**LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 5**

**Statement of Net Assets**

**December 31, 2003**

**ASSETS**

<b>Current Assets:</b>	
Cash	\$ 14,417
Investments	35,315
Total current assets	<u>49,732</u>
<b>Noncurrent assets:</b>	
Capital Assets, net of accumulated depreciation	<u>34,696</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 84,428</u></u>

**LIABILITIES**

<b>Current Liabilities:</b>	
Accounts payable	\$ 1,441
Deferred revenue	490
Total current liabilities	<u>1,931</u>
<b>TOTAL LIABILITIES</b>	<u>1,931</u>

**NET ASSETS**

Invested in capital assets	34,696
Unrestricted	47,801
Total net assets	<u><u>\$ 82,497</u></u>

See notes to financial statements.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 5**  
**LAFOURCHE PARISH, LOUISIANA**

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

	Expenses	Charges for services	Program Revenue	Operating Grants	Net (Expense) Revenue
<b>FUNCTIONS/PROGRAMS</b>					
Public safety activities:	\$54,095	-	\$ 18,658		\$ (35,437)
Total governmental activities	54,095	-	18,658		(35,437)
<b>GENERAL REVENUES</b>					
Ad valorem taxes					47,810
Interest earned					408
<b>TOTAL GENERAL REVENUES</b>					48,218
<b>CHANGE IN NET ASSETS</b>					12,782
<b>NET ASSETS:</b>					
Beginning of year					69,715
End of year					\$ 82,497

See notes to financial statements.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 5**

Balance Sheet - Governmental Fund - General Fund

December 31, 2003

**ASSETS**

Cash	\$	14,417
Investments		35,315
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>49,732</u></b>

**LIABILITIES AND EQUITY**

Current Liabilities:		
Accounts payable	\$	1,441
Deferred revenue		490
<b>Total current liabilities</b>		<b><u>1,931</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>1,931</u></b>

**EQUITY**

Investment in general fixed assets		
Fund balances:		
Unreserved - undesignated		47,801
<b>Total equity</b>		<b><u>47,801</u></b>

**RECONCILIATION TO STATEMENT OF NET ASSETS:**

In the statement of net assets, capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund as above		<u>34,696</u>
<b>Net assets of governmental activities</b>	<b>\$</b>	<b><u>82,497</u></b>

See notes to financial statements.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 5**

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

<b>REVENUES</b>	
Taxes	\$47,810
Intergovernmental:	
Rural Development Grant	5,111
Fire Insurance Tax	13,547
Interest	408
<b>TOTAL REVENUES</b>	<u>66,876</u>
<b>EXPENDITURES</b>	
General government - current:	
Ad valorem tax deductions	1,612
Ad valorem tax adjustments	323
Total general government - current	<u>1,935</u>
Public safety - current:	
Workmen's Comp Insuranc	1,510
Office supplies	291
Gasoline/Diesel/Oil	1,345
Operating supplies	5,635
Uniforms	72
Firefighter turnout gear	5,949
Fire Insurance rebate	1,781
Utilities	2,638
Telephone	1,349
Liability Insurance	2,088
Plant Insurance	1,975
Audit Fees	2,000
Publish Proceedings/Class Ads	142
Other fees	259
Membership dues	40
Travel & Training	4,239
Community relations	948
Accounting fees	3,000
Building Repairs & Maintenance	551
Communication Equipment Repairs	811
Truck Repairs & Maintenance	7,639
Equipment Repairs & Maintenance	2,151
Total public safety - current	<u>46,413</u>
Capital expenditures	<u>11,059</u>
Total capital expenditures	<u>11,059</u>
<b>TOTAL EXPENDITURES</b>	<u>59,407</u>
Excess (deficiencies) of revenues over expenditures	7,469
<b>FUND BALANCES</b>	
Beginning of year	<u>40,332</u>
End of year	<u>\$47,801</u>

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES:**

Net change in fund balances per above \$ 7,469

In the statement of activities, the cost of assets purchased is allocated over the estimated useful life and depreciation on these assets is recorded.

Capital outlay 11,059  
Depreciation (5,746)

Change in net assets - governmental activities \$ 12,782

See notes to financial statements.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**

**Lafourche Parish, Louisiana**

Notes to the Financial Statements

For the Year Ended December 31, 2003

**INTRODUCTION**

The Lafourche Parish Fire Protection District No. 5 is organized under the Louisiana Revised Statutes and Parish Ordinances. The District was formed for the purpose of acquiring, constructing, maintaining and operating fire protection facilities and payment of the cost of obtaining water for fire protection purposes within the said fire protection district.

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

**B. Reporting Entity**

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

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

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

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**

*Lafourche Parish, Louisiana*

Notes to the Financial Statements

For the Year Ended December 31, 2003

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

**B. Reporting Entity (Continued)**

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

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

**C. Fund Accounting**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

**Governmental Fund Type**

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

General Fund - The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

**D. Measurement Focus / Basis of Accounting**

***Fund Financial Statements (FFS)***

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.



**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**Lafourche Parish, Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

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

**D. Measurement Focus / Basis of Accounting (Continued)**

This approach is then reconciled, through adjustment, to a government-wide view of operations.

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

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

**Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2001 property taxes which were levied to finance the 2003 budget are recognized as revenue in 2003. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

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

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

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

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

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**

**Lafourche Parish, Louisiana**

Notes to the Financial Statements

For the Year Ended December 31, 2003

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

**D. Measurement Focus / Basis of Accounting (Continued)**

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

**F. Use of Estimates**

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

**F. Operating Budgets**

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

The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2003. All budgeted amounts that are not expended or obligated through contracts lapse at year-end.

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

**G. Cash**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits.

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

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**

**Lafourche Parish, Louisiana**

Notes to the Financial Statements

For the Year Ended December 31, 2003

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

**H. Receivables**

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

**I. Capital Assets**

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

<b>CATEGORY</b>	<b>LIFE</b>
BUILDINGS	20 YEARS
TRUCKS	20 YEARS
EQUIPMENT	5 YEARS

**J. Net Assets**

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

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

**K. Fund Equity**

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

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**

**Lafourche Parish, Louisiana**

Notes to the Financial Statements

For the Year Ended December 31, 2003

**Note 2      DEPOSITS AND INVESTMENTS**

**DEPOSITS:**

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Lafourche Parish Fire Protection District No. 5.

Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Cash and deposits are categorized into three categories of credit risk.

- Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent, in the District's name.
- Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the District's name.
- Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the District's name.

A summary of deposits and the security pledged to them are listed as follows:

<b>Reported balance</b>	<b>\$14,417</b>
<b>Bank balances</b>	<b>\$14,417</b>
<b>Portion insured by FDIC – Category 1</b>	<b>\$14,417</b>

**INVESTMENTS:**

Investments are categorized into 3 categories of credit risk.

- Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**

**Lafourche Parish, Louisiana**

**Notes to the Financial Statements**

**For the Year Ended December 31, 2003**

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

The District's investment balance of \$35,315 is deposited in the Louisiana Asset Management Pool (LAMP). Investments in Louisiana Asset Management Pool are not categorized as to credit risk because they are not evidenced by securities that exist in physical or book entry form. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**Note 3      AD VALOREM TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2003 was \$5.39 per \$1,000 of assessed valuation on property within Lafourche Parish Fire Protection District No. 5 for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**Lafourche Parish, Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**Note 4**      **CAPITAL ASSETS**

Changes in the general fixed asset account group are summarized as follows:

	Balance 12/31/02	Additions	Deductions	Balance 12/31/03
Fire Truck	\$258,656			\$258,656
Buildings	173,576			173,576
Equipment	129,608	\$11,059		140,667
<b>TOTAL COST</b>	<b>561,840</b>	<b>11,059</b>		<b>572,899</b>
Accumulated Depreciation	532,457	5,746		538,203
<b>NET BOOK VALUE</b>	<b>\$29,383</b>			<b>\$34,696</b>

Depreciation Expense of \$5,746 was recorded in the governmental activities. Of the above total cost recorded, \$306,963 (54%) was recorded at historical cost and \$265,936 (46%) was recorded at estimated value.

**Note 5**      **RISK MANAGEMENT**

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

**Note 6**      **COMPENSATION OF BOARD MEMBERS**

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

**Note 7**      **GOING CONCERN**

In May 2001, Louisiana Senate Bill 647 was passed to consolidate the Bayou Blue Fire Protection District and the Lafourche Parish Fire Protection District No. 5 into one seven-member Board, four appointed by the Lafourche Parish Council and three appointed by the Terrebonne Parish Council.

Pursuant to the provisions of ordinances of the Terrebonne Parish Council and Lafourche Parish Council, State of Louisiana passed in November 2003; the two separate fire districts of Bayou Blue Fire Protection District and Lafourche Parish Fire Protection District No. 5 are to be combined as one entity.

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT No. 5**  
**Lafourche Parish, Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2003

**Note 7**      **GOING CONCERN (CONTINUED)**

In light of the passage of the May 3, 2003 election for the Bayou Blue Fire Protections District of the Parishes of Terrebonne and Lafourche, which provides for the ad valorem property taxation of the Bayou Blue community as a single taxing district, the Board of Commissioners of this entity will cease to levy the existing tax millage in the Parish of Lafourche.

The Board has directed that any funds remaining at December 31, 2003 under the existing ad valorem tax millage for the Lafourche Parish Fire Protection District No. 5 be dedicated as follows:

- For the payment of expenditures incurred in the year 2003 and paid in 2004.
- For the payment of the audit costs for the year 2003.
- For the payment of costs associated with the purchase of a fire truck.
- For the incidental costs to be incurred in the year 2004.

Due to this directive, the Proposed Year 2004 Budget for the General Fund reflects no revenues and no expenditures

**REQUIRED SUPPLEMENTAL**  
**INFORMATION**



**LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 5**

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

	Budgets		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 42,000	\$ 47,810	\$ 47,810	\$ -
Intergovernmental:				
Rural Development Grant	-	5,111	5,111	-
Fire Insurance Tax	11,000	13,547	13,547	-
Interest	50	400	408	8
<b>TOTAL REVENUES</b>	<u>53,050</u>	<u>66,868</u>	<u>66,876</u>	<u>8</u>
<b>EXPENDITURES</b>				
General government - current:				
Ad valorem tax deductions	1,500	1,650	1,612	38
Ad valorem tax adjustments	1,000	350	323	27
Total general government - current	<u>2,500</u>	<u>2,000</u>	<u>1,935</u>	<u>65</u>
Public safety - current:				
Workmen's Comp	800	1,500	1,510	(10)
Office supplies	500	500	291	209
Gasoline/Diesel/Oil	1,500	1,500	1,345	155
Operating supplies	3,000	7,000	5,635	1,365
Uniforms	500	-	72	(72)
Fire Hose Purchases	2,000	2,000	-	2,000
Firefighter turnout gear	6,000	6,500	5,949	551
Fire insurance rebate	-	5,000	1,781	3,219
Utilities	2,500	2,700	2,638	62
Telephone	1,000	1,300	1,349	(49)
Liability Insurance	2,000	2,200	2,088	112
Plant insurance	2,000	2,000	1,975	25
Audit Fees	1,500	2,000	2,000	-
Publish Proceedings/Class Ads	200	200	142	58
Other Fees	700.00	350	259	91
Election expenses	2,000	-	-	-
Membership dues	50	50	40	10
Travel & Training	500	5,500	4,239	1,261
Community relations	1,200	1,200	948	252
Accounting fees	3,000	3,000	3,000	-
Building Repairs & Maintenance	1,000	1,000	551	449
Communication Equipment Repairs	1,000	1,000	811	189
Truck Repair & Maintenance	4,000	8,500	7,639	861
Equipment Repairs & Maintenance	2,000	3,000	2,151	849
Total public safety - current	<u>38,950</u>	<u>58,000</u>	<u>46,413</u>	<u>11,587</u>
Capital expenditures	38,000	47,200	11,059	36,141
Total capital expenditures	<u>38,000</u>	<u>47,200</u>	<u>11,059</u>	<u>36,141</u>
<b>TOTAL EXPENDITURES</b>	<u>79,450</u>	<u>107,200</u>	<u>59,407</u>	<u>47,793</u>
Excess (deficiencies) of revenues over expenditures	(26,400)	(40,332)	7,469	47,801
<b>FUND BALANCES</b>				
Beginning of year	27,435	40,332	40,332	-
End of year	<u>\$ 1,035</u>	<u>\$ -</u>	<u>\$ 47,801</u>	<u>\$ 47,801</u>

**REPORTS REQUIRED BY GOVERNMENT**  
**AUDITING STANDARDS**



# STAGNI & COMPANY, LLC

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

To the Board of Commissioners,  
Of the Lafourche Parish Fire Protection District No. 5

We have audited the financial statements of the governmental activities and each major fund of the Lafourche Parish Fire Protection District No. 5, a component unit of the Lafourche Parish Consolidated Government, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements, and have issued our report thereon dated May 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Lafourche Parish Fire Protection District No. 5's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lafourche Parish Fire Protection District No. 5's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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To the Board of Commissioners  
Lafourche Parish Fire Protection District No. 5  
Page 2

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

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

*Stagni & Company*

Thibodaux, LA  
May 27, 2004



**Lafourche Parish Fire Protection District No. 5**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2003**

We have audited the financial statements of the governmental activities and each major fund of the Lafourche Parish Fire Protection District No. 5, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements, and have issued our report thereon dated May 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003 was unqualified.

**Section I Summary of Auditor's Reports**

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

**Internal Control**

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

**Compliance**

Compliance Material to Financial Statements  Yes  No

**b. Federal Awards      N/A**

**Internal Control**

Material Weaknesses  Yes  No      Reportable Conditions  Yes  No

Type of Opinion On Compliance      Unqualified       Qualified

For Major Programs      Disclaimer       Adverse

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

**c. Identification of Major Programs:**

CFDA Number (s)	Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  Yes  No

**Section II Financial Statement Findings**

**NONE TO REPORT**



## **OTHER SUPPLEMENTAL INFORMATION**

### ***PRIOR AUDIT FINDINGS***

*The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings.*

### ***CORRECTIVE ACTION PLAN***

*The corrective action plan for current year audit findings is presented in this schedule.*

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 5**

Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2003

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
NONE	
<b>MATERIAL TO FEDERAL AWARDS</b>	
NOT APPLICABLE	
<b>SECTION III - MANAGEMENT LETTER</b>	
NONE ISSUED	

**LAFOURCHE PARISH FIRE PROTECTION DISTRICT NO. 5**

Corrective Action Plan  
For the Year Ended December 31, 2003

<b>SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<b>NO FINDINGS</b>	
<b>SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b>NOT APPLICABLE</b>	
<b>SECTION III - MANAGEMENT LETTER</b>	
<b>NONE ISSUED</b>	