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**ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 5**
(A Component Unit of the St. Tammany Parish Government)
Folsom, Louisiana

ANNUAL FINANCIAL REPORT

As of and for the Year Ended

December 31, 2003

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

Release Date 9.1.04

ST. TAMMANY PARISH FIRE PROTECTION
DISTRICT NO. 5
(A Component Unit of the St. Tammany Parish Government)
Folsom, Louisiana

ANNUAL FINANCIAL REPORT

As of and for the Year Ended
December 31, 2003

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Board of Commissioners
St. Tammany Parish Fire
Protection District No. 5
St. Tammany Parish Government
Folsom, Louisiana

I have compiled the accompanying basic financial statements of St. Tammany Parish Fire Protection District No. 5, a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule - General Fund are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have compiled the Management's Discussion and Analysis and the Budgetary Comparison Schedule - General Fund from information that is the representation of management of St. Tammany Parish Fire Protection District No. 5, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.


Certified Public Accountant

May 10, 2004

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Year Ended December 31, 2003

INTRODUCTION

The St. Tammany Parish Fire Protection District No. 5 (district) is a fire district created by the St. Tammany Parish Police Jury (now known as the St. Tammany Parish Government) to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control within the district limits.

Management's discussion and analysis (MD&A) is a required element of the new reporting model adopted by the Government Accounting Standard's Board (GASB) in its statement number 34. The purpose of the MD&A is to provide an overview of the financial activities of the district based on currently known facts, decisions, or conditions.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2003, the district's net assets decreased by \$25,266, and resulted in ending net assets of \$1,160,841 or a decrease of 2 percent.

Total spending for the governmental activity was \$372,827 for the year, which was \$25,266 more than the taxes and other revenues received for this activity.

OVERVIEW OF ANNUAL FINANCIAL REPORT

This report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- Government-Wide Financial Statements
- Fund Financial Statements

Government-Wide Financial Statements

The annual financial report of the district includes two government-wide financial statements. These statements provide information about the district using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The two government-wide financial statements are as follows:

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

The Statement of Activities presents information showing how the district's net assets changed during the 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 the related cash flows. The purpose of the Statement of Activities is to demonstrate the financial reliance of the governmental type activities or functions of the district on revenues provided by the taxpayers.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued
As of and for the year ended December 31, 2003

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The district uses a single governmental type fund, the General Fund, to ensure and demonstrate compliance with finance-related laws and regulations. Governmental type funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The financial statements can be found on pages 6 to 10 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 to 18 of this report.

FINANCIAL ANALYSIS

Government-wide Analysis

The following table reflects the condensed Statement of Net Assets for 2003. Prior year data is not presented in the implementation year but will be included in future years for comparison purposes:

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

Condensed Statement of Net Assets
December 31, 2003

Assets:	
Current Assets	\$ 365,522
Capital Assets	<u>1,147,120</u>
Total Assets	<u>1,512,642</u>
Liabilities:	
Current Liabilities	18,205
Long-term Liabilities	<u>333,596</u>
Total Liabilities	<u>351,801</u>
Net Assets:	
Invested in Capital Assets, Net of Debt	813,524
Unrestricted	<u>347,317</u>
Total Net Assets	<u>\$1,160,841</u>

Approximately 70% of the district's net assets as of December 31, 2003, reflects the district's investment in capital assets (land, buildings, machinery, and equipment) less any related outstanding 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. The remaining 30% of net assets, referred to as *unrestricted*, may be used to meet the ongoing obligations of the district to citizens and creditors.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS continued
As of and for the year ended December 31, 2003

The table below provides a summary of the changes in net assets for the year ended December 31, 2003:

<u>St. Tammany Parish Fire Protection District No. 5</u> (A Component Unit of the St. Tammany Parish Government)	
Condensed Statement of Activities and Changes in Net Assets For the year ended December 31, 2003	
Expenses	\$ 372,827
General Revenues	<u>347,561</u>
Change in Net Assets	(25,266)
Net Assets - Beginning	<u>1,186,107</u>
Net Assets - Ending	<u>\$1,160,841</u>

The district's net assets decreased \$25,266 during the current fiscal year, primarily due to the hiring of full-time firefighters with accompanying health insurance and retirement benefits, and depreciation on a new fire truck purchased in 2003.

Fund Analysis

As noted earlier, the district uses a single governmental fund type, the General Fund, to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the district's general fund is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the district's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the district's general fund reported an ending fund balance of \$347,317, a decrease of \$77,938 in comparison with the prior year. All of this amount constitutes unreserved fund balance, which is available for spending at the district's discretion.

Compared with total fund balance of \$425,255 at the end of 2002, fund balance decreased \$77,938 during 2003. Key factors contributing to this decrease were as follows:

1. The hiring of full-time paid firefighters with accompanying health insurance and retirement benefits, and
2. the purchase of a new fire rescue unit for \$183,000 of which \$63,000 was paid as a down payment and \$120,000 financed through a lease-purchase agreement.

BUDGETARY HIGHLIGHTS

The district demonstrated legal compliance by adopting its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures did not exceed budgeted expenditures by 5%.

For the general fund, actual revenues and other sources exceeded the final budgeted amounts by \$28,557. Actual expenditures were under the final budgeted amounts by \$3,683. The district amended its budget twice for 2003, primarily to account for the purchase and financing of a fire truck.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

MANAGEMENT'S DISCUSSION AND ANALYSIS concluded
As of and for the year ended December 31, 2003

CAPITAL ASSETS

At the end of the year, the district has \$1,147,120 invested in net capital assets, including land, buildings, furniture, fire fighting equipment, and vehicles. This year there were additions (net of current depreciation) of \$142,268 and no disposals, reflecting a net increase in capital assets of \$142,268. More detailed information about the district's capital assets is presented in Note 6 of the financial statements.

DEBT

At year end, the district had \$333,596 in certificates of indebtedness and capital lease obligations outstanding. This is an increase from last year of \$89,596 or 37 percent. This increase is due to the financing of a fire truck through a lease-purchase agreement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The two ad valorem tax millages received by the district (10 mills and 20.41 mills) do not expire until 2005 and 2008, respectively. Therefore, the district's 2004 revenues should remain basically identical to 2003.

The district's 2004 budget reflects an overall decrease in expenditures because there are no major capital outlays planned. However, planned expenditures for salaries reflect a modest increase to cover the rising cost of employee health insurance. Also, planned expenditures for debt service have been increased to include the first payment due on the capital lease obligation.

The district's general fund balance is expected to decrease \$61,000 by the close of 2004.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the district's finances. Questions about this report or requests for additional information may be sent to Percy Watson, Chairman of the Board of Commissioners, St. Tammany Parish Fire Protection District No. 5, 13206 Broadway Street, Folsom, Louisiana 70437.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

STATEMENT OF NET ASSETS
December 31, 2003

	<u>Governmental Activity</u>
ASSETS	
Cash	\$ 45,303
Receivables, net of allowance for uncollectible of \$16,318	320,219
Capital assets, net of accumulated depreciation	<u>1,147,120</u>
Total Assets	<u>\$1,512,642</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable	\$ 7,254
Payroll taxes payable	2,205
Deductions from ad valorem tax	8,746
Long-term liabilities:	
Due within one year	54,261
Due after one year	<u>279,335</u>
Total Liabilities	<u>351,801</u>
Net Assets	
Investment in capital assets, net of related debt	813,524
Unrestricted	<u>347,317</u>
Total Net Assets	<u>1,160,841</u>
Total Liabilities and Net Assets	<u>\$1,512,642</u>

The accompanying notes are an integral part of this statement.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2003

	<u>Governmental Activity</u>
EXPENSES	
PUBLIC SAFETY - FIRE PROTECTION	
Salaries, wages, and benefits	\$ 129,862
Materials and supplies	62,209
Other expenses	97,697
Depreciation	72,181
Interest	<u>10,878</u>
Total Expenses	<u>372,827</u>
GENERAL REVENUE	
Ad valorem taxes	310,167
State revenue sharing	22,107
Fire insurance premium rebate	13,472
Investment earnings	<u>1,815</u>
Total General Revenues	<u>347,561</u>
Change in Net Assets	(25,266)
Net Assets - beginning of the year	<u>1,186,107</u>
Net Assets - end of the year	<u>\$1,160,841</u>

The accompanying notes are an integral part of this statement.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2003

	<u>General Fund</u>
ASSETS	
Cash	\$ 45,303
Receivables, net of allowance for uncollectible of \$16,318	<u>320,219</u>
Total Assets	<u>\$365,522</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 7,254
Payroll taxes payable	2,205
Deductions from ad valorem tax	<u>8,746</u>
Total Liabilities	<u>18,205</u>
Fund Balance	
Fund balance - unreserved - undesignated	<u>347,317</u>
Total Liabilities and Fund Balance	<u>\$365,522</u>

The accompanying notes are an integral part of this statement.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GENERAL FUND
For the Year Ended December 31, 2003

REVENUES	
Ad valorem taxes	\$ 310,167
Intergovernmental revenues:	
State revenue sharing	22,107
Fire insurance premium rebate	13,472
Interest earnings	<u>1,815</u>
Total Revenues	<u>347,561</u>
EXPENDITURES	
Current:	
Salaries and benefits	129,862
Commissioner fees	7,400
Contract labor	1,897
Dispatcher fees	11,730
Insurance	36,001
Office supplies	3,133
Operations and repairs	57,915
Professional fees	12,395
Statutory charges	8,746
Telephone	4,993
Training	4,115
Utilities	6,970
Capital outlay	214,449
Other	4,611
Debt Service:	
Principal	30,000
Interest	<u>10,878</u>
Total Expenditures	<u>545,095</u>
EXCESS OF REVENUES	
OVER (UNDER) EXPENDITURES	(197,534)
OTHER FINANCING SOURCES	
Capital lease proceeds	<u>119,596</u>
EXCESS OF REVENUES AND OTHER SOURCES	
OVER (UNDER) EXPENDITURES	(77,938)
FUND BALANCE - BEGINNING	<u>425,255</u>
FUND BALANCE - ENDING	<u>\$ 347,317</u>

The accompanying notes are an integral part of this statement.

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

Amounts reported for the general fund in the statement of activities are different because:

Net change in fund balance - general fund (page 9)	\$ (77,938)
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$214,449) exceeded depreciation (\$72,181) in the current year.</p>	142,268
<p>Governmental funds report debt service payments as expenditures. However, in the statement of activities, repayments of principal of indebtedness reduces long-term liabilities in the statement of net assets. This is the amount of principal repayments in the current year.</p>	30,000
<p>Governmental funds report capital lease proceeds as other financing sources. However, in the statement of activities, the issuance of debt increases long-term liabilities in the statement of net assets. This is the amount of capital lease proceeds in the current year.</p>	<u>(119,596)</u>
Change in net assets of the general fund (page 7)	<u>\$ (25,266)</u>

The accompanying notes are an integral part of this statement.

St. Tammany Parish Fire Protection
District No.5
(A Component Unit of the St. Tammany Parish Government)
Folsom, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2003

INTRODUCTION

The St. Tammany Parish Fire Protection District No. 5 (the district) was created by the St. Tammany Parish Police Jury (now known as the St. Tammany Parish Government), as provided by Louisiana Revised Statute 40:1492. The district was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control within the district limits. The administration of the district is governed by a board of commissioners consisting of five members. Two members are appointed by the St. Tammany Parish Government and two by the governing body of the Town of Folsom. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The fire district operates four fire stations and provides fire protection and emergency medical services to an area covering approximately 90 square miles. Fire protection services are provided by volunteers and approximately three full-time paid firefighters, and one full-time fire chief.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the district is considered a component unit of the St. Tammany Parish Government. The district is considered a component unit of the St. Tammany Parish Government because the St. Tammany Parish Government appoints two of the district board members and has the ability to impose its will on the board. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the district. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The district's only fund, the general fund, is classified as a governmental type activity.

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

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The district has no proprietary funds.

St. Tammany Parish
Fire Protection District No. 5
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003 continued

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The district reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The district has no business-type activities or enterprise funds.

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

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

C. Cash and Cash Equivalents

Cash includes amounts in demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

D. Inventories

The district uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The district did not record any inventory at December 31, 2003.

St. Tammany Parish
 Fire Protection District No. 5
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003 continued

E. Prepaid Items

The district did not record any prepaid items at December 31, 2003.

F. Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost 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 \$500 or more for capitalizing capital assets.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40
Fire trucks	15
Firefighting equipment	10
Vehicles	5
Furniture and fixtures	5

G. Compensated Absences

The district has the following policies relating to sick and vacation leave.

Sick Leave

Each full-time employee of the district shall be entitled to and given, with full pay, sick leave aggregating no less than fifty-two (52) weeks during a calendar year for any sickness or injury or incapacity not brought about by his own negligence or culpable indiscretion.

No cash payment may be made for accumulated sick leave.

Vacation Leave

Each full-time employee of the district after having served one (1) year, shall be entitled to an annual vacation of eighteen (18) calendar days with full pay. This vacation period shall be increased one day for each year of service over ten (10) years, up to a maximum vacation period of thirty (30) days all of which shall be with full pay. The vacation privileges herein provided for shall not be forfeited by any member of the department for any cause, nor may any cash payment be made in lieu of vacation.

A liability for sick leave is not accrued at December 31, 2003, because cash payments may not be made for accumulated sick leave.

A liability for vacation leave is not accrued at December 31, 2003, because no full-time employee has yet served for one year.

St. Tammany Parish
Fire Protection District No. 5
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003 continued

H. Long-Term Obligations

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

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the general fund when paid.

I. Fund Equity

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

J. Extraordinary and Special Items

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

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

2. **BUDGETS**

The district uses the following budget practice:

The district adopts a budget for the General Fund on the modified accrual basis each year. The budget for fiscal year ended December 31, 2003, was adopted on December 28, 2002. The budget is monitored and amended as needed by the board of commissioners. The budget was amended on October 28, 2003, and on December 29, 2003. Unexpended budget balances lapse at year-end.

3. **LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes for the year 2003:

Assessed valuation	\$10,339,198
Authorized and Levied Millage General Fund	30.41
Total tax levy	\$314,415

The levied millage of 30.41 is made up of one levy of 10 mills and one levy of 20.41 mills, effective through the years 2005 and 2008, respectively.

St. Tammany Parish
 Fire Protection District No. 5
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003 continued

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the district during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The St. Tammany Parish Sheriff bills and collects the property taxes using the assessed value determined by the Tax Assessor of St. Tammany Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year.

4. CASH AND CASH EQUIVALENTS

At December 31, 2003, the District had cash (book balances) totaling \$45,303, as follows:

Non-interest-bearing demand deposits	\$14,019
Interest-bearing savings account	<u>31,284</u>
Total	<u>\$45,303</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2003, the District had \$52,253 in deposits (collected bank balances) which is secured from risk by \$100,000 of federal deposit insurance and \$221,187 of pledged securities held by the custodial bank in the name of the fiscal agent bank (Category 3). Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire Protection District No. 5 that the fiscal agent bank has failed to pay deposited funds upon demand.

5. RECEIVABLES

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

<u>Class of Receivable</u>	<u>Total</u>
Ad valorem taxes	\$314,415
State revenue sharing	22,107
Other receivables	<u>15</u>
	336,537
Less estimated ad valorem taxes uncollectible	<u>(16,318)</u>
Total	<u>\$320,219</u>

St. Tammany Parish
 Fire Protection District No. 5
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003 continued

6. **CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2003, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital asset, not being depreciated				
Land	\$ 40,577	\$ -	\$ -	\$ 40,577
Capital assets, being depreciated				
Buildings	648,033	-	-	648,033
Fire trucks	548,768	183,000	-	731,768
Firefighting equipment	158,870	10,682	-	169,552
Vehicles	-	20,767	-	20,767
Furniture and fixtures	9,744	-	-	9,744
Total capital assets, being depreciated	1,365,415	214,449	-	1,579,864
Less accumulated depreciation	<u>401,140</u>	<u>72,181</u>	<u>-</u>	<u>473,321</u>
Total capital assets, being depreciated, net	<u>964,275</u>	<u>142,268</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$1,004,852</u>	<u>\$142,268</u>	<u>\$ -</u>	<u>\$1,147,120</u>

The beginning balance of \$1,004,852, is \$604,376 less than the ending balance from the prior year. This difference is due to the adoption of a \$500 threshold for capitalizing capital assets.

7. **LEASES**

The district records items under capital lease as assets and obligations in the accompanying Statement of Net Assets. At December 31, 2003, the district has one capital lease in effect for a fire truck. This lease has an original recorded asset amount of \$183,000. The following is a summary of future minimum lease payments and the present value of the net minimum lease payments as of December, 31, 2003:

<u>Year</u>	<u>Amount</u>
2004	\$ 26,861
2005	26,861
2006	26,861
2007	26,861
2008	<u>26,861</u>
Total minimum lease payments	134,305
Less: amounts representing interest	<u>(14,709)</u>
Present value of net minimum lease payments	<u>\$119,596</u>

The capital lease obligation is classified as \$22,261 for the current portion and \$97,335 as the long-term portion.

The district had no noncancellable operating lease commitments at December 31, 2003.

8. LONG-TERM OBLIGATIONS

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

	<u>Certificates of Indebtedness</u>
Long-term obligations payable at January 1, 2003	\$244,000
Payments	<u>(30,000)</u>
Long-term obligations payable at December 31, 2003	<u>\$214,000</u>

Certificates of indebtedness are comprised of \$214,000 of Series 2000 certificates issued on September 29, 2000, to construct an expansion of a fire station, due in annual principal installments of \$32,000 to \$41,000 from March 1, 2004, through March 1, 2009, with semi-annual interest payments at 5.55 percent.

The annual requirements to amortize the certificates outstanding at December 31, 2003, including interest of \$34,606, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 41,158	\$ 32,000	\$ 9,158
2005	41,270	33,000	8,270
2006	41,326	34,000	7,326
2007	41,384	36,000	5,384
2008	41,330	38,000	3,330
2009	<u>42,138</u>	<u>41,000</u>	<u>1,138</u>
	<u>\$248,606</u>	<u>\$214,000</u>	<u>\$34,606</u>

The certificates of indebtedness are payable from an annual ad valorem tax levy.

9. RETIREMENT SYSTEM

All full-time employees (other than the fire chief) are members of the Firefighters' Retirement System. The Firefighters' Retirement System Pension Plan (Plan) is a cost sharing, multiple-employer, non-qualified defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:2251 through 2269, effective January 1, 1990. The plan is not a qualified plan as defined by the Internal Revenue Code nor is it subject to the Employee Retirement Income Security Act of 1984.

Employees with 20 or more years of service who have attained age 50 or employees who have 12 years of service who have attained age 55 or 25 years of service at any age are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employee may elect an unreduced benefit or any of four options at retirement.

The Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Firefighters' Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, Louisiana 70804-9095, or by calling (225) 925-4060 or online at www.lafirefightersret.com.

St. Tammany Parish
Fire Protection District No. 5
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003 concluded

Plan members are required by statute to contribute 8% of their covered compensation, and the district is required to contribute at an actuarially determined rate. The current rate is 21% of covered compensation (see note 13 regarding contingencies). The district's contribution to the plan was \$2,402 for the year ended December 31, 2003.

The fire chief and part-time firefighters are members of the social security system. In addition to employee payroll deductions, district funds are remitted to match the employee contributions. The district's contribution was \$6,191 for the year ended December 31, 2003.

10. COMPENSATION PAID TO COMMISSION MEMBERS

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. At its regular meeting on January 28, 2003, the Board of Commissioners passed a motion providing a per diem of \$100 per meeting.

Compensation paid to the Board of Commissioners of the district for the year ended December 31, 2003, is as follows:

Jim Allen	\$1,400
Keith Davis	1,250
Debi Myer	1,500
Ed Sicard	1,650
Percy Watson	1,600
	<u>\$7,400</u>

Ed Sicard was paid an additional \$1,827 for treasurer duties during the year ended December 31, 2003.

11. LITIGATION AND CLAIMS / RISK MANAGEMENT

The district is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district attempts to minimize risk from significant losses through the purchase of commercial insurance.

12. RELATED PARTY TRANSACTIONS

There were no related party transactions.

13. CONTINGENCIES

The Firefighters' Retirement System (FRS) has been named a defendant in an action brought by the Louisiana Municipal Association (LMA) challenging the obligation of contributing employers. The action seeks a judicial declaration that certain statutes setting the funding methodology are unconstitutional and that the employers should not have any contribution obligation greater than 9% of covered payroll.

If LMA wins the lawsuit, FRS will credit all employer contributions paid in excess of 9% toward future employer contributions, plus interest at the rate earned by FRS.

14. SUBSEQUENT EVENTS

There were no subsequent events that would have a material effect on these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

St. Tammany Parish Fire Protection District No. 5
(A Component Unit of the St. Tammany Parish Government)

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	\$284,000	\$284,000	\$310,167	\$26,167
Intergovernmental revenues:				
State revenue sharing	21,000	21,000	22,107	1,107
Fire insurance premium rebate	12,000	12,000	13,472	1,472
Interest earnings	<u>2,000</u>	<u>2,000</u>	<u>1,815</u>	<u>(185)</u>
Total Revenues	<u>319,000</u>	<u>319,000</u>	<u>347,561</u>	<u>28,561</u>
EXPENDITURES				
Current:				
Salaries and benefits	150,000	150,000	129,862	20,138
Commissioner fees	-	7,000	7,400	(400)
Contract labor	-	2,000	1,897	103
Dispatcher fees	12,000	12,000	11,730	270
Insurance	26,500	35,000	36,001	(1,001)
Office supplies	1,500	1,500	3,133	(1,633)
Operations and repairs	37,500	51,500	57,915	(6,415)
Professional fees	11,000	11,000	12,395	(1,395)
Statutory charges	9,000	9,000	8,746	254
Telephone	4,000	4,000	4,993	(993)
Training	2,000	2,000	4,115	(2,115)
Utilities	8,400	8,400	6,970	1,430
Capital outlay	22,000	212,000	214,449	(2,449)
Other	2,500	2,500	4,611	(2,111)
Debt Service:				
Principal	63,800	30,000	30,000	-
Interest	<u>18,200</u>	<u>10,878</u>	<u>10,878</u>	<u>-</u>
Total Expenditures	<u>368,400</u>	<u>548,778</u>	<u>545,095</u>	<u>3,683</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(49,400)	(229,778)	(197,534)	32,244
OTHER FINANCING SOURCES				
Capital lease proceeds	<u>-</u>	<u>119,600</u>	<u>119,596</u>	<u>(4)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(49,400)	(110,178)	(77,938)	32,240
FUND BALANCE - BEGINNING	<u>425,255</u>	<u>425,255</u>	<u>425,255</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$375,855</u>	<u>\$315,077</u>	<u>\$347,317</u>	<u>\$32,240</u>

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

P.O. Box 3790

Covington, Louisiana 70434-3790

Samuel K. Smith, CPA
Patrick "Bryan" Huval, CPA

(985) 892-6633 - Covington
(985) 892-4666 - FAX

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 5
St. Tammany Parish, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of St. Tammany Parish Fire Protection District No. 5 and the Louisiana Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about St. Tammany Parish Fire Protection District No. 5's compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

All purchases were made in accordance with the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information. We noted no transactions during the year with any of these parties.

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 5
St. Tammany Parish, Louisiana

3. Obtain from management a listing of all employees paid during the period under examination.

A list of employees was obtained.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees have a relationship with any of the Commissioners.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

A copy of the budget was obtained from management of the District.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the budget to the minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

For the year ended December 31, 2003, the District had favorable variance for both revenues and expenditures.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(A) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(B) determine if payments were properly coded to the correct fund and general ledger account;

Payments were coded to the correct fund and account.

To the Board of Commissioners
St. Tammany Parish Fire Protection District No. 5
St. Tammany Parish, Louisiana

(C) determine whether payments received approval from proper authorities.

Inspection of documentation indicated proper approval was received concerning cash disbursements.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Meeting dates were posted in advance in accordance with the open meetings law.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

The only new debt was a capital lease agreement. It included a nonappropriation clause and therefore does not require Bond Commission approval.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

There were no payments noted that may constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion on management's assertions. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of St. Tammany Parish Fire District No. 5 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 4, 2004

Smith, Havel & Associates, L.L.C.

**LOUISIANA
ATTESTATION
QUESTIONNAIRE**

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
_____ (Date Transmitted)

Smith, Huval & Associates, LLC

P O Box 3790

Covington, LA 70434-3790
_____ (Auditors)

In connection with your compilation of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..
Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.
Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.
Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.
Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.
Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.
Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []



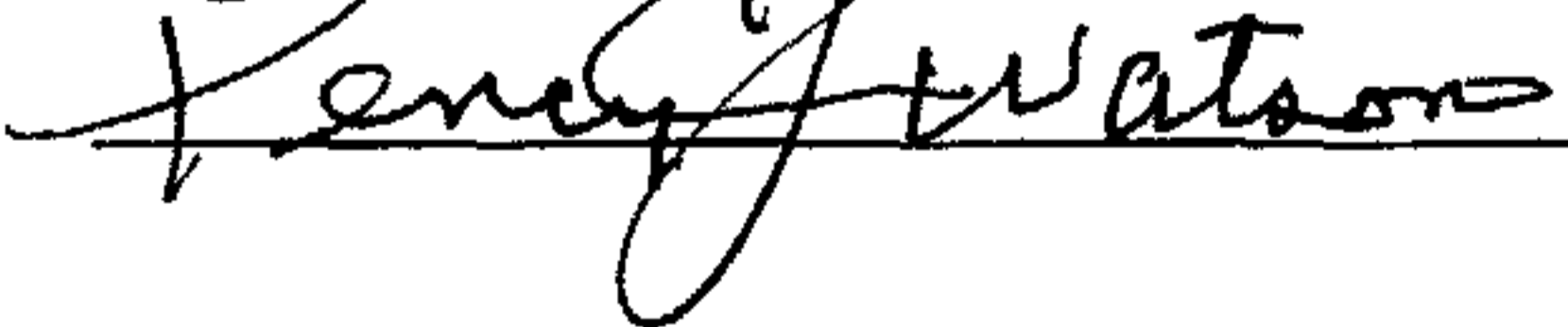
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

	Secretary	<u>May 25, 2004</u>	Date
	Treasurer	<u>May 19, 2004</u>	Date
	President	<u>May 19, 2004</u>	Date

Note: If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.

St. Tammany Parish Fire Protection District No. 5

Summary Schedule of Prior Attestation Findings

For the Year Ended December 31, 2003

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>
02 -1	One disbursement was made without adequate supporting documentation	Resolved
02 -2	Fire trucks, tag numbers, and acquisition dates omitted from equipment listing. Also, no additions or deletions were made to the listing for 2002.	Resolved