

**FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
TENSAS PARISH POLICE JURY**

**Financial Statements and  
Independent Auditor's Reports  
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

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
*Annual Financial Statements*  
As of and for the Year Ended December 31, 2003  
With Supplemental Information Schedules

CONTENTS

	PAGE
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	8
Statement of Net Assets	9
Statement of Activities	10
Fund Financial Statements:	11
Governmental Funds:	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets	13
Statement of Revenues, Expenditures and Changes in Fund Balances	14-15

## CONTENTS

	PAGE
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	17
Notes to the Financial Statements	18-26
Required Supplementary Information	27
Budgetary Comparison Schedule – General Fund	28-29
Reports on Compliance and Internal Control	30
Independent Auditors' Report on Compliance and Internal Control over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31-32
Schedule of Findings and Questioned Costs	33
Summary Schedule of Prior Audit Findings	34

# SWITZER, WILKINS & MANGE

Chartered Public Accountants

1000 PINEAPPLE BLVD. SUITE 200  
MONROE, LOUISIANA 70134

MEMBER OF THE FIDELITY & SECURITY GROUP  
A DIVISION OF THE FIDELITY & SECURITY GROUP  
MEMBER OF THE FIDELITY & SECURITY GROUP  
A DIVISION OF THE FIDELITY & SECURITY GROUP

MEMBER OF THE FIDELITY & SECURITY GROUP  
A DIVISION OF THE FIDELITY & SECURITY GROUP  
MEMBER OF THE FIDELITY & SECURITY GROUP  
A DIVISION OF THE FIDELITY & SECURITY GROUP

## INDEPENDENT AUDITORS' REPORT

Members of the Board Commissioners  
Fire Protection District No. 1 of Tensas Parish, Louisiana  
St. Joseph, Louisiana

We have audited the accompanying basic financial statements of the Fire Protection District No. 1 of Tensas Parish, Louisiana 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 Fire Protection District No. 1 of Tensas Parish, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, in all material respects, the financial position of Fire Protection District No. 1 of Tensas Parish, Louisiana, as of December 31, 2003 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, Fire Protection District No. 1 of Tensas Parish adopted the provisions of Governmental Accounting Standards Board Statements No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2003. This results in a change to Fire Protection District No. 1 of Tensas Parish's method of accounting for certain nonexchange revenues and a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 7 and 28 through 29, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2004 on our consideration of the Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Fire Protection District No. 1 of Tensas Parish, Louisiana. Such information has been subjected to the auditing procedures applied in the examination of the basic statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ferriday, Louisiana  
July 20, 2004

*Switzer, Hopkins & Margo*

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Our discussion and analysis of Fire Protection District No. 1 of Tensas Parish, Louisiana (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003. A comparative analysis to the prior year will be made in future years when prior year information is available.

The Management's Discussion and Analysis is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued June 1999.

**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 increased by \$71,420 and resulted in ending net assets of \$611,754 or an increase of 14%.

Total spending for the governmental activities was \$275,455 for the year, which was \$71,420 less than the taxes and the other income received for this activity of \$346,876.

The interest earned on checking accounts and investments in certificates of deposit was \$3,582 for the year.

**OVERVIEW OF FINANCIAL STATEMENTS**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities found on pages 8 and 9 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 12 for governmental type activities. These statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditors attest in their report that the Basis Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditors' report.

**REPORTING THE DISTRICT AS A WHOLE THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES**

Our analysis of the District as a whole begins on page 8. These statements help to illustrate the status of the District resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

The District's net assets are determined by examining the difference in assets and liabilities. The two statements report the District's net assets and any changes in them. Examining the District's net assets is an effective way to determine the financial status of the District. Increases and decreases in net assets are an indicator of the District's overall increasing or decreasing financial performance.

In the Statement of Net Assets and the Statement of Activities, the District reports only governmental type activities. All of the District's activities are of this type, and taxes finance most of the activities.

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS**

The analysis of the District's major fund begins on page 11. The fund financial statements provide detailed information about the District as a whole.

The District uses a governmental type fund. All of the District's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is 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 District's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) 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 statement.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The District's net assets increased \$14,094 as a result of this year's operations resulting in ending net assets of \$554,428 or an increase of less than 3%. The balance in net assets represents the accumulated results of all past year's operations. Unrestricted net assets (the part of net assets that can be used to finance daily operations without legal restrictions or obligations) were a deficit of \$201,478 at year end.

This deficit includes the long-term portion of our notes payable of \$468,000. This \$468,000 is due more than one year from now. When this long-term debt is considered in our deficit, we would have \$266,522 available after all of our bills were paid.

The following is a summary of the net assets at December 31, 2003:

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

Current and other assets	\$ 359,492
Capital assets	<u>813,232</u>
Total assets	<u>1,172,724</u>
Current liabilities	92,970
Long-term liabilities	<u>468,000</u>
Total liabilities	<u>560,970</u>
Net Assets	
Investment in capital assets	813,232
Unrestricted (deficit)	<u>(201,478)</u>
Total net assets	<u>\$ 611,754</u>

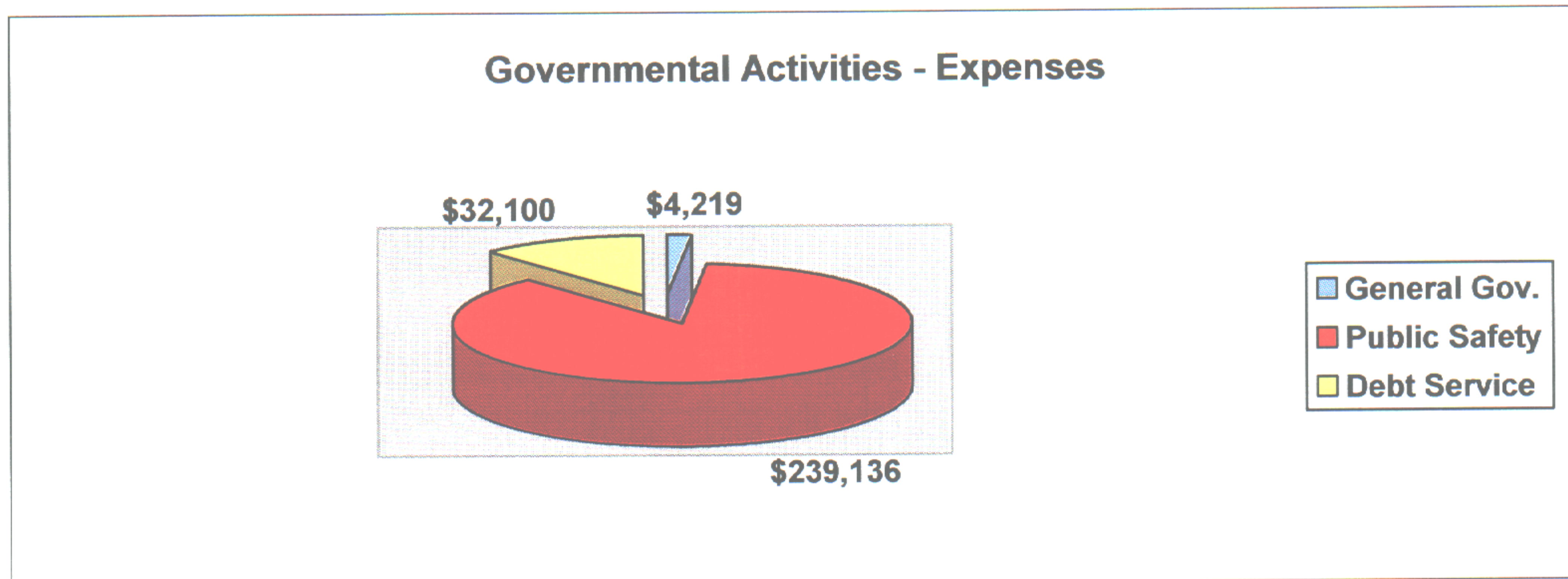
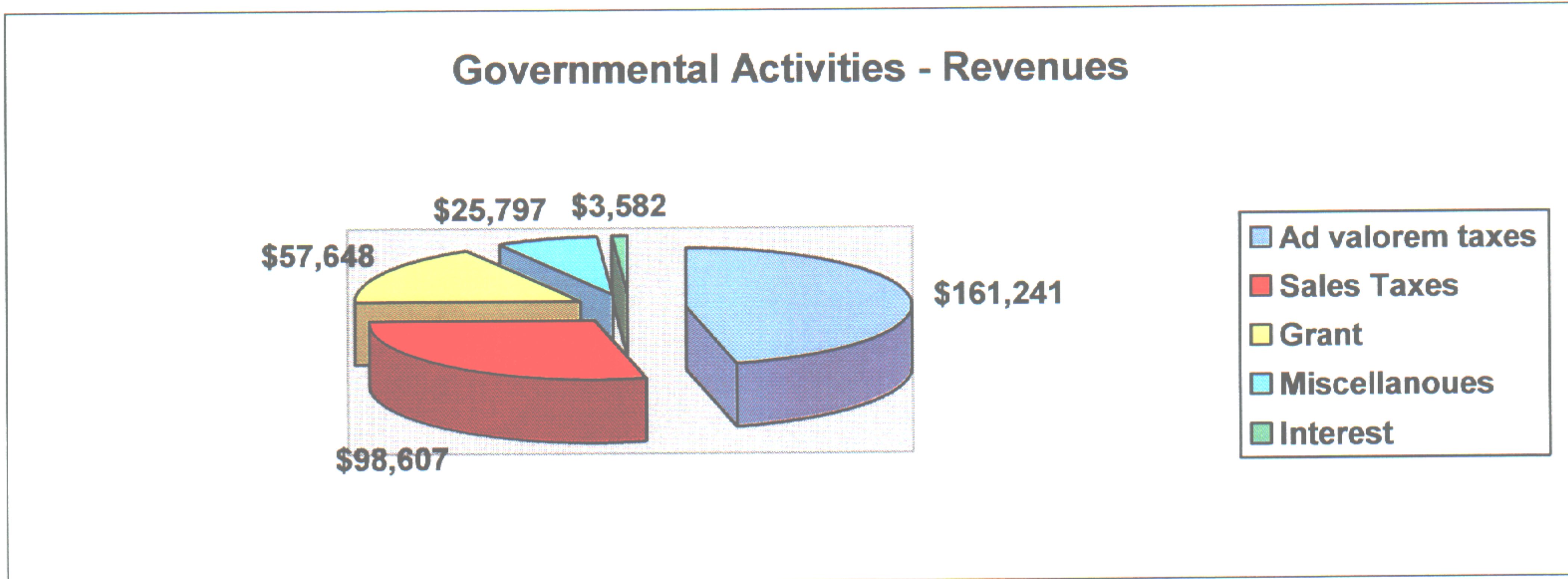
The following is a summary of the statement of activities:

	<b>Governmental Activities</b>
Revenues:	
Program revenues	<u>\$ 346,875</u>
Expenses:	
General and administrative	4,219
Public safety - Fire	239,136
Debt service - interest	<u>32,100</u>
Total expenses	<u>275,455</u>
Increase in net assets	71,420
Net assets December 31, 2002	<u>540,334</u>
Net assets December 31, 2003	<u>\$ 611,754</u>

The following are a graphical representation of information presented in the Statement of Activities for Governmental Activities:



**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003**



**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget was not amended during the last year.

The actual expenditures were \$74,324 below the budget amounts.

On the other hand, resources available for expenditure were \$11,548 above the final budgeted amounts.

**CAPITAL ASSETS**

At the end of the year, the District has \$813,232 invested in capital assets, including land, buildings, furniture, fire fighting equipment and vehicles. This year there were additions of \$199,093 in capital assets. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Capital Assets at Year End (Net of Accumulated Depreciation)
Land	\$ 3,509
Buildings	423,037
Equipment	386,686
	<u>\$ 813,232</u>

**DEBT**

At year-end, the District had \$546,000 in certificates of indebtedness outstanding. This is a decrease from last year of \$74,000.

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

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2004.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ricky Jones, Fire Chief, 205 Hancock Street, St. Joseph, Louisiana 71366.

**BASIC FINANCIAL STATEMENTS**

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Statement of Net Assets  
December 31, 2003

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 141,913
Receivables, net	107,065
Prepaid items	14,691
Deposits	<u>1,500</u>
Total current assets	<u>265,169</u>
Non-Current Assets:	
Restricted:	
Cash and cash equivalents	94,323
Capital assets:	
Land	3,509
Buildings	447,723
Equipment	495,372
Less accumulated depreciation	<u>(133,372)</u>
Total non-current assets	<u>907,555</u>
Total assets	<u><u>1,172,724</u></u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts and other payables	14,970
Current portion - loans payable	<u>78,000</u>
Total current liabilities	<u>92,970</u>
Non-Current Liabilities:	
Long term portion - loans payable	<u>468,000</u>
Total liabilities	<u>560,970</u>
<u>NET ASSETS</u>	
Invested in capital assets	813,232
Unrestricted (deficit)	<u>(201,478)</u>
Total net assets	<u><u>\$ 611,754</u></u>

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

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Statement of Activities  
Year Ended December 31, 2003

	Governmental Activities
<u>GENERAL EXPENSES</u>	
Governmental activities	
General government	\$    4,219
Public safety - fire	239,136
Debt service	<u>32,100</u>
Total general expenses	<u>275,455</u>
 <u>GENERAL REVENUES</u>	
Taxes	
Ad valorem taxes	161,241
Sales tax	98,607
Grants	57,648
Interest income	3,582
Miscellaneous expenses	<u>25,797</u>
Total general revenues	<u>346,875</u>
 Change in net assets	 71,420
Net assets-beginning of year	<u>540,334</u>
Net assets-end of year	<u><u>\$    611,754</u></u>

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

**FUND FINANCIAL STATEMENTS (FSS)**

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Balance Sheet – Governmental Funds  
December 31, 2003

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 141,913
Receivables, net	107,065
Prepaid items	14,691
Deposits	1,500
Restricted assets	<u>94,323</u>
Total assets	<u>\$ 359,492</u>

LIABILITIES

Current Liabilities:	
Accounts and other payables	14,970
Current portion - loans payable	<u>78,000</u>
Total current liabilities	<u>92,970</u>

Non-Current Liabilities:	
Long term portion - loans payable	<u>468,000</u>
Total liabilities	<u>560,970</u>

Fund balance	
Reserved for debt service	94,323
Unreserved (deficit)	<u>(295,801)</u>
Total fund balance (deficit)	<u>(201,478)</u>
Total liabilities and fund balance	<u>\$ 359,492</u>

The accompanying notes are an integral part of these financial statements

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Reconciliation of the Governmental Funds Balance Sheet  
To the Statement of Net Assets  
December 31, 2003

Total fund balances for governmental funds at December 31, 2003      \$    (201,478)

Total net assets reported for governmental activities in the statement  
of net assets is different because:

Capital assets used governmental activities are not financial  
resources and, therefore, are not reported in the funds. Those  
assets consist of:

Land	3,509
Buildings, net of \$20,636 accumulated depreciation	427,409
Equipment net of \$113,058 accumulated depreciation	<u>382,314</u>

Total net assets of governmental activities at December 31, 2003      \$    611,754



FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Statement of Revenues, Expenditures and Changes  
In Fund Balance  
Year Ended December 31, 2003

	Governmental <u>Fund</u>
<b>REVENUES:</b>	
Taxes	
Ad valorem taxes	\$ 161,241
Sales tax	98,607
Grant income	57,648
Interest income	3,582
Miscellaneous revenues	<u>25,798</u>
Total revenues	<u>346,876</u>
 <b>EXPENDITURES:</b>	
General government	
Legal and accounting	<u>4,219</u>
 Public safety - fire	
Salaries	27,077
Insurance	46,393
Contract labor	32,950
Repairs	19,423
Utilities and telephone	14,795
Supplies	10,651
Rent	9,955
Retirement	9,227
Office supplies	2,696
Fuel	2,356
Travel	1,954
Miscellaneous	<u>1,294</u>
Total public safety - fire	<u>178,771</u>
 Debt service	
Principal retirement	74,000
Interest expense	<u>32,100</u>
Total debt service	<u>106,100</u>
 Capital outlay	<u>199,093</u>
Total expenditures	<u>488,183</u>

The accompanying notes are an integral part of these financial statements

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Statement of Revenues, Expenditures and Changes  
In Fund Balance  
Year Ended December 31, 2003

	Governmental <u>Fund</u>
(Deficiency) of revenues over expenditures	\$ (141,307)
Fund balance, beginning of year (deficit)	<u>(60,171)</u>
Fund balance, end of year (deficit)	<u>\$ (201,478)</u>

The accompanying notes are an integral part of these financial statements

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Reconciliation of the Statement of Revenues, Expenditures  
And Changes in Fund Balance  
Year Ended December 31, 2003

Net changes in fund balance - governmental fund \$ (141,307)

Amounts reported for governmental activity in the statement of activity is different because:

Governmental funds report capital outlays 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.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	199,093
Depreciation expense for the year ended December 31, 2003	(60,366)

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 2003.

74,000

Change in net assets per statement of activities \$ 71,420

**NOTES TO THE FINANCIAL STATEMENTS**

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

INTRODUCTION

1. The Tensas Parish Police Jury created the Fire Protection District No. 1 of Tensas Parish, Louisiana May 25, 1999 by resolution. The District operates in compliance with Part I Chapter 7, Title 40 of the Louisiana Revised Statutes of 1950.
2. The purpose of the District is to provide fire protection for Tensas Parish.
3. The District's boundaries are all of Tensas Parish, Louisiana. Tensas Parish is located in Northeast Louisiana and has a population of 6,300.
4. A Board of Commissioners of five members appointed by the Tensas Parish Police Jury governs the District. The board members are presently serving without compensation.
5. The District had one paid employees during 2003.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Fire Protection District No. 1 of Tensas Parish, Louisiana (hereafter referred to as the District).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include taxes interest and other items that are restricted to meetings the operational or capital requirements of a particular function or segment.

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.

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

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

Property taxes, sales taxes and interest associated with the current fiscal period are 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 funds:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reports as program revenues include all taxes, interest and other items.

#### C. Deposits and Investments

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool and mutual funds consisting solely of government backed securities.

#### D. Receivables and Payables

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

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Taxes due for:		
Fire Protection	4.31	4.31

Sales taxes of ¼% for fire protection expires 2009.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain cash accounts are restricted by debt covenants and may be used only for payment of bonds and interest.

G. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable government-wide financial statements. Capital assets are capitalized at historical cost. 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 \$1,000 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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 and improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	15 years

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

H. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation: After one year, employee receives five days vacation  
After two years, employee receives ten days vacation.

Sick leave: Employee accumulated one day per month.

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. 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.

K. Budget Practices

A proposed operating budget for the General Fund, prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budget are legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

2. CASH AND CASH EQUIVALENTS

At December 31, 2003 the District has cash and cash equivalents (book balances) totaling \$236,236 as follows:

Demand deposits	\$ 30,849
Interest-bearing demand deposits	<u>205,387</u>
Total	<u>\$ 236,236</u>



FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the District has \$302,068 in deposits(collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$102,068 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. RECEIVABLES

The receivables of \$107,065 at December 31, 2003 are as follows:

Ad valorem	\$ 70,284
Sales taxes	36,781
Less allowance for doubtful accounts	<u>-</u>
Total receivables	<u>\$ 107,065</u>

4. CAPITAL ASSETS

Capital assets and depreciation activities as of and for the year ended December 31, 2003 for the primary government is as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	<u>\$ 3,509</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,509</u>
Capital assets being depreciated				
Buildings	268,750	174,289	-	443,039
Equipment	<u>475,574</u>	<u>24,804</u>	<u>-</u>	<u>500,378</u>
Total capital assets being depreciated	<u>744,324</u>	<u>199,093</u>	<u>-</u>	<u>943,417</u>
Less accumulated depreciation for:				
Buildings	9,705	10,597	-	20,302
Equipment	<u>63,623</u>	<u>49,769</u>	<u>-</u>	<u>113,392</u>
Total accumulated depreciation	<u>73,328</u>	<u>60,366</u>	<u>-</u>	<u>133,694</u>
Total capital assets being depreciated, net	<u>\$ 670,996</u>	<u>\$ 138,727</u>	<u>\$ -</u>	<u>\$ 809,723</u>

Depreciation expense of \$60,366 for the year ended December 31, 2003, was charged to the public safety functions.

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

NOTE 5 – ACCOUNTS, SALARIES AND OTHER PAYABLES

The payables of \$14,970 at December 31, 2003, are as follows:

Accounts	\$ 1,682
Payroll taxes	1,564
Accrued interest	10,493
Accrued salaries	1,231
	<u>\$ 14,970</u>

NOTE 6 – GENERAL LONG-TERM DEBT

At December 31, 2003, long-term debt was comprised of the following:

\$690,000 - 2000 Certificates of Indebtedness due in annual installments of \$70,000 to \$105,000 beginning March 1, 2002 through March 1, 2009, interest at 5.75%	<u>\$ 546,000</u>
---	-------------------

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

Long-term debt at beginning of year	620,000
Certificates retired during the year	<u>(74,000)</u>
Balance at end of year	<u>\$ 546,000</u>

The maturity schedule for the debt is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 78,000	\$ 29,153	\$ 107,153
2005	83,000	24,524	107,524
2006	88,000	19,607	107,607
2007	93,000	14,403	107,403
2008	99,000	8,884	107,884
Thereafter	105,000	3,019	108,019
	<u>\$ 546,000</u>	<u>\$ 99,590</u>	<u>\$ 645,590</u>

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

NOTE 7 – INTERGOVERNMENTAL AGREEMENT

The District entered into an intergovernmental agreement in 1999 with the Towns of Waterproof, St. Joseph and Newellton, Louisiana in which the District is to provide fire protection for each of the Towns and all the areas of Tensas Parish outside of the Towns. Included in the agreement is a provision for the District to pay the Town of Newellton \$9,955 per year to reimburse for certain note payments that the Town has an obligation to pay concerning fire fighting equipment. The future payments to be made under this agreement are as follows:

2004	\$	9,955
2005		9,955
2006		9,955
2007		9,955
2008		9,955
2009		9,955
2010		1,659
Total	\$	<u>61,389</u>

NOTE 8 – PENSION PLANS

*Plan Description:* The District contributes to the Firefighters' Retirement System. The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. Louisiana Revised Statutes 11:2551 et seq. grants the board of trustees the authority to establish and amend benefit provisions of the plans.

The retirement system issues publicly available financial reports that includes financial statements and required supplementary information for the plans. The financial reports may be obtained from:

Firefighters' Retirement System  
P. O. Box 94095, Capital Station  
Baton Rouge, Louisiana 70804-9095

*Funding Policy:* Plan members are required to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District's rate is 21% of annual covered payroll. The District's contribution to the plan for the years ending December 31, 2003, was \$5,428.

NOTE 9 – RISK MANAGEMENT

The District is exposed to certain risks of losses such as property damage, liability issues and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

FIRE PROTECTION DISTRICT NO. 1  
 OF TENSAS PARISH, LOUISIANA  
 Notes to Financial Statements  
 December 31, 2003

NOTE 10 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

For the fiscal year ended December 31, 2003 the District implemented Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

At December 31, 2003, there was no effect on fund balances as a result of implementing GASB Statements 37 and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and governmental fund financial statements prepared on the modified accrual basis of accounting, which present information for individual major funds rather than by fund type. All funds in the District were major funds.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to GASB Statement No. 34.

The prior year net assets has been restated as follows to recognize capital assets abandoned prior to December 31, 2002 and to recognize the implementation of GASB 34 discussed in Note 1:

Fund Balance, beginning of year as previously reported		\$ 483,054
GASB 34:		
Investment in Capital Assets, beginning of year		747,833
Accumulated depreciation, beginning of year		(73,328)
Prepaid items, beginning of year		14,691
Accrued interest payable, beginning of year		(11,916)
Notes payable, beginning of year		(620,000)
Total GASB 34 adjustments		<u>57,280</u>
Net Assets, beginning of year restated		<u>\$ 540,334</u>

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
Notes to Financial Statements  
December 31, 2003

NOTE 11 – COMPENSATION OF THE GOVERNING BOARD

The Governing Board of the District consists of five members. For the year ended December 31, 2003, they received no compensation. The members were as follows:

Steve Hisaw, Chairman  
Rick Foster, Member  
Buddy Tindell, Member  
Bertha Brown, Member  
David Lee, Member

**REQUIRED SUPPLEMENTAL INFORMATION**

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Budgetary Comparison Schedule – General Fund  
Years Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>Unfavorable</u>
<b>REVENUES:</b>			
Taxes			
Ad valorem taxes	\$ 163,680	\$ 161,241	\$ (2,439)
Sales tax	102,000	98,607	(3,393)
Grant income	57,648	57,648	-
Interest income	2,000	3,582	1,582
Miscellaneous revenues	10,000	25,798	15,798
Total revenues	<u>335,328</u>	<u>346,876</u>	<u>11,548</u>
<b>EXPENDITURES:</b>			
General government			
Legal and accounting	<u>8,000</u>	<u>4,219</u>	<u>3,781</u>
Public safety - fire			
Salaries	-	27,077	(27,077)
Insurance	30,000	46,393	(16,393)
Contract labor	44,000	32,950	11,050
Repairs	30,000	19,423	10,577
Utilities and telephone	12,000	14,795	(2,795)
Supplies	1,000	10,651	(9,651)
Rent	9,952	9,955	(3)
Retirement	4,884	9,227	(4,343)
Office supplies	1,000	2,696	(1,696)
Fuel	12,000	2,356	9,644
Travel	5,000	1,954	3,046
Miscellaneous	12,500	1,294	11,206
Total public safety - fire	<u>162,336</u>	<u>178,771</u>	<u>(16,435)</u>
Debt service			
Principal retirement	74,000	74,000	-
Interest expense	33,523	32,100	1,423
Total debt service	<u>107,523</u>	<u>106,100</u>	<u>1,423</u>
Capital outlay	<u>284,648</u>	<u>199,093</u>	<u>85,555</u>
Total expenditures	<u>562,507</u>	<u>488,183</u>	<u>74,324</u>

The following notes are an integral part of these financial statements

FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
Budgetary Comparison Schedule – General Fund  
Years Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>Unfavorable</u>
(Deficiency) of revenues over expenditures	\$ (227,179)	\$ (141,307)	\$ 85,872
Fund balance, beginning of year (deficit)	<u>(60,171)</u>	<u>(60,171)</u>	<u>-</u>
Fund balance, end of year (deficit)	<u>\$ (287,350)</u>	<u>\$ (201,478)</u>	<u>\$ 85,872</u>

The following notes are an integral part of these financial statements



REPORTS ON COMPLIANCE AND INTERNAL CONTROL

# SWITZER, HOPKINS & MANGE

Certified Public Accountants

1001 LAUREL BUCKLE  
MONROE, LOUISIANA 70134

MEMBER OF THE NATIONAL  
ASSOCIATION OF  
PUBLIC ACCOUNTANTS  
www.nacpa.org

MEMBER OF THE NATIONAL  
ASSOCIATION OF  
STATE ACCOUNTANTS  
www.nasba.org

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

Members of the Board of Commissioners  
Fire Protection District No. 1 of Tensas Parish  
St. Joseph, Louisiana

We have audited the basic financial statements of Fire Protection District No. 1 of Tensas Parish, Louisiana as of and for the year ended December 31, 2003, and have issued our report thereon dated July 20, 2004. We have conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Fire Protection District No. 1 of Tensas Parish, Louisiana'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 object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-1.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fire Protection District No. 1 of Tensas Parish, Louisiana'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.

However, we noted one certain matter involving the internal control over financial reporting and its operation that we consider being a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Fire Protection District No. 1 of Tensas Parish's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-2.

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

This report is intended for the information and use of management of the district and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Ferriday, Louisiana  
July 20, 2004

*Switzer, Hopkins & Mangle*

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2003

Summary of Audit Reports

1. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements.
2. One reportable condition was disclosed during the audit of the financial statements reported in the Report on Compliance and on Internal Control Over Financial Reported Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. One instance of noncompliance with certain laws and regulations of the District were disclosed during the audit.

Findings – Financial Statement Audit

2003-1 Late Filing Audit Report

We noted that the audit report was due to be completed with six months after the close of the year which was December 31, 2003. The audit report was due by June 30, 2004 and was not complete and filed until July 28, 2004. This is a violation of State law.

We recommend that in the future years the audit report be completed within six months after the close of the fiscal year as required by State law.

Response: The auditor did not finish on time because of problems related to GASB 34. The auditor has taken responsibility for late filing of the audit report and has assured the District that the next audit's completion will be in compliance with State law.

2003-2 Segregation of Duties

We noted that the District does not have adequate segregation of duties in its operation. One individual is responsible for practically every accounting function including record keeping, check writing, making deposits, etc. We recommend an attempt to segregate duties be made by the District.

Response: Management indicated that it has only one employee and it would not be cost feasible to add additional persons to the accounting function.

FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA

Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2002

Findings – Financial Statement Audit

2002-1 – Segregation of Duties

We noted that the Fire District does not have adequate segregation of duties in its operations. One individual is responsible for practically every accounting function including record keeping, check writing, making deposits, etc. We recommend an attempt to segregate duties be made by the District.

This finding continued this year and is reported as finding 2003-2.