

9200

**NATCHITOCHEs PARISH
FIRE PROTECTION DISTRICT NO. 6**

**FINANCIAL REPORT
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 9.8.04

Natchitoches Parish Fire Protection District No. 6
Financial Report
December 31, 2003

TABLE OF CONTENTS

| | <u>Exhibit</u> | <u>Page</u> |
|--|----------------|-------------|
| Required Supplementary Information | | |
| Managements' Discussion and Analysis | - | 1-4 |
| Accountants' Compilation Report | - | 5 |
| Basic Financial Statements | | |
| Government-Wide Financial Statements | | |
| Statement of Net Assets | A | 8 |
| Statement of Activities | B | 9 |
| Fund Financial Statements | | |
| Balance Sheet-Governmental Fund | C | 11 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets | D | 12 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund | E | 13 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds to the Statement of Activities | F | 14 |
| Notes to Financial Statements | - | 16-25 |
| Other Required Supplementary Information | | |
| Budgetary Comparison Schedule-General Fund | G | 27 |
| Supplementary Information | | |
| Independent Accountants' Report on Applying Agreed-Upon Procedures | H | 28-30 |
| Louisiana Attestation Questionnaire | I | 31-33 |
| Management Letter | J | 34 |
| Management's Response | K | 35 |

NATCHITOCHEs PARISH FIRE PROTECTION DISTRICT NO. 6

114 Magnolia Avenue
Natchitoches, LA 71457

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. As this is the first year the District will be reporting under this new model, certain comparative information with the previous year, which is by design included in this model, will not be presented in the analysis, as permitted by GASB No. 34 with respect to first year reporting.

Financial Highlights

This annual report consists of a series of new financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. The District is a component unit of the Natchitoches Parish Police Jury. Its operations are conducted through a general fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

ASSETS:

| | |
|--|--------------------|
| Assets | \$ 309,582 |
| Capital assets, net of accumulated depreciation | <u>1,059,350</u> |
| Total Assets | <u>\$1,368,932</u> |

LIABILITIES:

| | |
|--------------------------------|--------------------|
| Accounts Payables | \$ 11,390 |
| Current Portion Long-term Debt | 55,969 |
| Long-term Debt | <u>249,435</u> |
| Total Liabilities | <u>\$ 316,794</u> |
| Net Assets | <u>\$1,052,138</u> |

NET ASSETS:

| | |
|--|--------------------|
| Investment in capital assets, net of related debt | \$ 753,946 |
| Unreserved fund balance | <u>298,192</u> |
| Total Net Assets | <u>\$1,052,138</u> |

Summary of Statement of Activities

REVENUES:

General Revenues:

| | |
|-------|----------------|
| Taxes | \$280,615 |
| Other | <u>124,961</u> |

| | |
|----------------|------------------|
| Total Revenues | <u>\$405,576</u> |
|----------------|------------------|

EXPENSES:

| | |
|----------------------------|----------------|
| Public Safety | \$260,292 |
| General and Administration | 17,775 |
| Depreciation Expense | <u>101,230</u> |

| | |
|----------------|------------------|
| Total Expenses | <u>\$379,297</u> |
|----------------|------------------|

| | |
|----------------------|------------------|
| Change in Net Assets | <u>\$ 26,279</u> |
|----------------------|------------------|

- This District's assets exceeded its liabilities by \$1,052,138 (net assets) for the year.
- Unreserved net assets of \$298,192 represent the portion available to maintain the District's obligation to both citizens and creditors.

General Fund Budgetary Highlights

The actual revenues were below the budgeted amount for the year by \$1,424. Actual expenses were over the budgeted amount, because the financing for the new fire truck was not included in the budget.

Economic Factors and Next Year's Budget

The primary revenue source for the District is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident. The budget for FY 2004 should not change significantly from the FY 2003 budget.

Contacting the Fire District

This financial report is designed to provide our citizens, taxpayers, 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 the District at 114 Magnolia Avenue, Natchitoches, LA 71457.

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

ACCOUNTANT'S COMPILATION REPORT ON THE FINANCIAL STATEMENTS

Natchitoches Parish Fire
Protection District No. 6
114 Magnolia Avenue
Natchitoches, LA 71457

We have compiled the accompanying financial statements of the governmental activities and major fund information of the Natchitoches Parish Fire District No. 6, a component unit of the Natchitoches Parish Police Jury, as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements as listed in the Table of Contents, 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. We 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 budgetary comparison information on pages 1 through 4 and 27 through 28, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Management has prepared the Management's Discussion & Analysis information. We have compiled the other supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information or on Management's Discussion & Analysis.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated June 15, 2004, on the results of our agreed-upon procedures.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

June 15, 2004
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Natchitoches Parish Fire Protection District No. 6
Statement of Net Assets
December 31, 2003

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS: | |
| Current Assets: | |
| Cash & Cash Equivalents | \$ 146,806 |
| Net Receivables | <u>162,776</u> |
| Total Current Assets | \$ 309,582 |
| Non-current Assets: | |
| Capital Assets (Net) | <u>1,059,350</u> |
| Total Assets | <u>\$1,368,932</u> |
| LIABILITIES: | |
| Current Liabilities: | |
| Accounts Payable | \$ 11,390 |
| Current Portion Long-term Debt | <u>55,969</u> |
| Total Current Liabilities | \$ 67,359 |
| Non-current Liabilities: | |
| Long-term Debt | <u>249,435</u> |
| Total Liabilities | <u>\$ 316,794</u> |
| NET ASSETS: | |
| Invested in Capital Assets, Net of Related Debt | \$ 753,946 |
| Unrestricted | <u>298,192</u> |
| Total Net Assets | <u>\$1,052,138</u> |
| Total Liabilities and Net Assets | <u>\$1,368,932</u> |

See accountant's compilation report and notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Statement of Activities
December 31, 2003

| <u>Activities</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expenses)</u> |
|--|------------------|-------------------------|-------------------------|------------------------------|
| | | <u>Charges</u> | <u>Operating Grants</u> | <u>Revenues and Changes</u> |
| | | <u>for</u> | <u>and</u> | <u>in Net Assets</u> |
| | | <u>Services</u> | <u>Contributions</u> | <u>Government Activities</u> |
| Governmental Activities: | | | | |
| General Government | \$139,713 | \$0 | \$ 0 | \$ (139,713) |
| Public Safety | <u>239,584</u> | <u>0</u> | <u>89,033</u> | <u>(150,551)</u> |
| | | | | |
| Total Governmental Activities | <u>\$379,297</u> | <u>\$0</u> | <u>\$(89,033)</u> | <u>\$ (290,264)</u> |
| | | | | |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property Taxes | | | | \$ 231,054 |
| Parcel Fee | | | | 49,561 |
| Interest | | | | 709 |
| Miscellaneous | | | | <u>35,219</u> |
| | | | | |
| Total General Revenues | | | | <u>\$ 316,543</u> |
| | | | | |
| Change in Net Assets | | | | \$ 26,279 |
| | | | | |
| Net Assets January 1, 2003 (Restated, see Note 3) | | | | <u>1,025,859</u> |
| | | | | |
| Net Assets December 31, 2003 | | | | <u>\$1,052,138</u> |

See accountant's compilation report and notes to financial statements.

FUND FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Balance Sheet-Governmental Fund
December 31, 2003

Assets:

| | |
|--------------|------------------|
| Cash | \$146,806 |
| Receivables | <u>162,776</u> |
| Total Assets | <u>\$309,582</u> |

Liabilities:

| | |
|------------------|-----------|
| Accounts Payable | \$ 11,390 |
|------------------|-----------|

Fund Balance:

| | |
|------------|----------------|
| Unreserved | <u>298,192</u> |
|------------|----------------|

| | |
|------------------------------------|------------------|
| Total Liabilities and Fund Balance | <u>\$309,582</u> |
|------------------------------------|------------------|

See accountant's compilation report and notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
December 31, 2003

| | |
|---|--------------------|
| Total Fund Balance for the Governmental Fund at December 31, 2003 | \$ 298,192 |
| Total Net Assets reported for Governmental Activities in the Statement of Net Assets is different because: | |
| Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of: | |
| Land, Equipment, Buildings, and Vehicles, Net of Accumulated Depreciation | 1,059,350 |
| Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the Funds | <u>(305,404)</u> |
| Total Net Assets of Governmental Activities at December 31, 2003 | <u>\$1,052,138</u> |

See accountant's compilation report and notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2003

| | <u>Total</u> |
|--|-------------------|
| REVENUES: | |
| Taxes | \$ 280,615 |
| Intergovernmental | 118,871 |
| Miscellaneous | <u>6,090</u> |
| Total Revenues | <u>\$ 405,576</u> |
| EXPENDITURES: | |
| Current- | |
| General Government- | |
| Insurance | \$ 20,708 |
| Office Expense | 11,545 |
| Telephone & Utilities | <u>6,230</u> |
| Total General Government | <u>\$ 38,483</u> |
| Public Safety- | |
| Maintenance & Supplies | \$ 168,057 |
| Wages & Fringe | 60,582 |
| Capital Expenditures | <u>524,521</u> |
| Total Public Safety | <u>\$ 753,160</u> |
| Debt Service- | |
| Principal Payments | \$ 21,434 |
| Interest | <u>10,946</u> |
| Total Debt Service | <u>\$ 32,380</u> |
| Total Expenditures | <u>\$ 824,023</u> |
| Excess (Deficiency) of Revenues over Expenditures | \$(418,447) |
| Other Financing Sources (Uses): | |
| Proceeds of Debt | <u>305,404</u> |
| Excess (Deficiency) of Revenues And Other Financing Sources over Expenditures | \$(113,043) |
| Fund Balance-Beginning of Year | <u>411,235</u> |
| Fund Balance-End of Year | <u>\$ 298,192</u> |

See accountant's compilation report and notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2003

| | |
|--|------------------|
| Total Net Change in Fund Balance at December 31, 2003, per Statement of Revenues, Expenditures and Changes in Fund Balance | \$(113,043) |
| The Change in Net Assets reported for Governmental Activities in the Statement of Activities is different because: | |
| ADD: Principal paid on long-term debt is shown as as an expenditure in governmental funds, but it reduces long-term debt in the Statement of Net Assets | (305,404) |
| LESS: Proceeds from debt issues are considered to be an Other Financing Source in governmental funds, but increases long-term debt in the Statement of Net Assets | 21,435 |
| ADD: Capital Outlay cost which are considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance, are shown as increases in assets on the Statement of Net Assets | 524,521 |
| LESS: Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense for the year ended December 31, 2003 | <u>(101,230)</u> |
| Total changes in Net Assets at December 31, 2003, per Statement of Activities | <u>\$ 26,279</u> |

See accountant's compilation report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

1. Introduction:

Fire Protection District No. 6, of Natchitoches Parish, Louisiana, was created in June 1982, by ordinance of the Natchitoches Parish Police Jury. The District is charged with providing fire protection for the citizens of District No. 6 of Natchitoches Parish.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 6 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

A. Reporting Entity-

As the governing authority of the Parish, for reporting purposes, the Natchitoches Parish Police Jury is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Police Jury for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

Because the police jury created by ordinance Fire District No. 6, the District was determined to be a component unit of the Natchitoches Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting-

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

The major fund of the District is described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting-

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus-

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement is used as appropriate.

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.
- c. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost of recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

Basis of Accounting-

In the government-wide Statement of Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 collected 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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities 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 that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

| | |
|--------------------------|----------|
| Furniture, computers | 5 years |
| Firefighting equipment | 10 years |
| Ladders, hoses, airpacks | 7 years |
| Radios | 10 years |
| Fire trucks | 15 years |
| Other vehicles | 5 years |
| Buildings | 40 years |

Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt--Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. Budget-

Prior to the beginning of each fiscal year, the Natchitoches Parish Fire Protection District No. 6 adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

3. Changes in Accounting Principles:

For the year ended December 31, 2003, the District has implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB 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 fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB No. 34 caused the opening fund balance at December 31, 2002, to be restated in terms of "net assets" as follows:

| | | |
|--|-------------|--------------------|
| Total fund balance-Governmental Fund at December 31, 2002 | | \$ 411,235 |
| Add: Cost of capital assets at December 31, 2002 | \$1,384,602 | |
| Less: Accumulated Depreciation at December 31, 2002 | (748,543) | |
| Less: Long-term debt at December 31,2002 | (21,435) | <u>614,624</u> |
| Net Assets at December 31, 2002 | | <u>\$1,025,859</u> |

4. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At December 31, 2003, the District had cash and cash equivalents (collected bank balances) totaling \$147,150. Cash and cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a holding or custodial bank in the form of safekeeping receipts held by the District. The deposits at December 31, 2003, were secured as follows:

| | |
|--------------------|------------------|
| Demand Deposits | \$147,150 |
| FDIC Insurance | <u>100,000</u> |
| Pledged Securities | <u>\$ 47,150</u> |

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 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 District that the fiscal agent has failed to pay deposited funds upon demand.

5. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2003, is as follows:

| <u>Governmental Activities</u> | <u>Balance 01-01-03</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 12-31-03</u> |
|------------------------------------|-----------------------------|------------------|------------------|-----------------------------|
| Capital Assets Depreciated: | | | | |
| Firefighting equipment | \$ 158,464 | \$ 0 | \$0 | \$ 158,464 |
| Fire trucks | 1,116,838 | 416,904 | 0 | 1,533,742 |
| Buildings | <u>54,650</u> | <u>162,267</u> | <u>0</u> | <u>216,917</u> |
| Total Assets | <u>\$1,329,952</u> | <u>\$579,171</u> | <u>\$0</u> | <u>\$1,909,123</u> |
| Less, Accumulated Depreciation: | | | | |
| Firefighting equipment | \$ 112,859 | \$ 6,680 | \$0 | \$ 119,539 |
| Fire trucks | 613,827 | 89,127 | 0 | 702,954 |
| Buildings | <u>21,857</u> | <u>5,423</u> | <u>0</u> | <u>27,280</u> |
| Total Depreciation | <u>\$ 748,543</u> | <u>\$101,230</u> | <u>\$0</u> | <u>\$ 849,773</u> |
| Net Capital Assets | <u>\$ 581,409</u> | <u>\$477,941</u> | <u>\$0</u> | <u>\$1,059,350</u> |

Depreciation expense of \$101,230 was charged to the general government function.

6. Compensated Absences:

The District does not carry forward leave from year to year, therefore no entry is made to record compensated absences.

7. Ad Valorem Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District in June or July and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are recognized as revenue when billed. The Natchitoches Parish Sheriff's office bills and collects property taxes using the assessed values determined by the Tax Assessor of Natchitoches Parish.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

In addition to property taxes, the residents of Fire District No. 6, of Natchitoches Parish voted on and approved a proposition in 1999 to levy and collect an annual parcel fee of \$25 on each lot on which a structure is located. The purpose of this assessment is to provide funds for acquiring, constructing, and maintaining fire protection facilities and equipment. The parcel fees attach as an enforceable lien and are levied in the same manner as property taxes described above. Billing, collection, and assessment determination are also made in the same manner.

For the year ended December 31, 2003, fees of \$66,200 were levied of which the entire amount is included as revenue for the year. Uncollected taxes average less than 1% of the total taxes levied. Accordingly, the District makes no provision for uncollectible taxes.

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar

| | |
|------------------------------|-------------------|
| Assessment date | January 1, 2003 |
| Levy date | June 30, 2003 |
| Tax bills mailed | October 15, 2003 |
| Total taxes are due | December 31, 2003 |
| Penalties and interest added | January 31, 2004 |
| Lien date | January 31, 2004 |
| Tax Sale | May 15, 2004 |

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose, or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

| | |
|------------------------------|--|
| 10% land | 15% machinery |
| 10% residential improvements | 15% commercial improvements |
| 15% industrial improvements | 25% public service properties, excluding land |

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2000. Total assessed value was \$31,742,230 in 2003. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$9,282,960 of the assessed value in 2003. For the year ended December 31, 2003, taxes of 7.00 mils were levied on the property and were dedicated to fire protection. Taxes collected totaled \$231,054, after adjustments from the prior year.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

8. Pension Plan:

Substantially all employees of Fire Protection District No. 6 of Natchitoches Parish are members of the Louisiana Firefighters Retirement System (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System annually issues a publicly-available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters Retirement System, Post Office Box 95095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the year ending December 31, 2003 was \$3,431.

9. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2003.

10. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2003.

11. Compensation Paid to Board Members:

The members of the Board of Commissioners of the District receive no compensation for their services.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2003

12. Receivables:

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

| <u>Class of Receivable</u> | <u>General Fund</u> |
|----------------------------|---------------------|
| Taxes- | |
| Ad Valorem | \$110,203 |
| Parcel Fee | <u>52,573</u> |
| Total | <u>\$162,776</u> |

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

13. General Long-term Debt:

At December 31, 2003, long-term debt consisted of one outstanding loan secured for the purchase of various fire trucks and equipment.

The note has a balance of \$305,404 from a loan originated on June 18, 2003 with G. E. Capital. The note calls for repayment in five equal annual installments on April 1 of each year at a rate of 4.8946 % with the final installment due on April 1, 2008.

The total accrued interest on the loan at December 31, 2003 was \$10,665. Debt maturity on the loan for the remaining years is as follows:

| <u>Year</u> | <u>Payment</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|------------------|------------------|-----------------|
| 2004 | \$ 70,189 | \$ 55,969 | \$14,220 |
| 2005 | 70,189 | 57,954 | 12,235 |
| 2006 | 70,189 | 60,796 | 9,393 |
| 2007 | 70,189 | 63,778 | 6,411 |
| 2008 | <u>70,189</u> | <u>66,907</u> | <u>3,282</u> |
| Total | <u>\$350,945</u> | <u>\$305,404</u> | <u>\$45,541</u> |

The following is a summary of changes in long-term debt during the year:

| | <u>1-1-03</u> | <u>Borrowings</u> | <u>Repayments</u> | <u>12-31-03</u> |
|------------------------------|-----------------|-------------------|-------------------|------------------|
| G. E. Capital Public Finance | <u>\$21,434</u> | <u>\$305,404</u> | <u>\$21,434</u> | <u>\$305,404</u> |

**OTHER REQUIRED
SUPPLEMENTARY INFORMATION**

Natchitoches Parish Fire Protection District No. 6
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2003

| | 2003 | | | Variance Favorable (Unfavorable) |
|----------------------|-------------------|-------------------|-------------------|--|
| | Budget | | Actual | |
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 230,000 | \$ 282,000 | \$ 280,615 | \$ (1,385) |
| Intergovernmental | 33,000 | 33,000 | 29,838 | (3,162) |
| FEMA Grant | 0 | 90,000 | 89,033 | (967) |
| Miscellaneous | <u>2,000</u> | <u>2,000</u> | <u>6,090</u> | <u>4,090</u> |
| Total Revenues | <u>\$ 265,000</u> | <u>\$ 407,000</u> | <u>\$ 405,576</u> | <u>\$ (1,424)</u> |
| EXPENDITURES: | | | | |
| General Government | \$ 30,810 | \$ 40,200 | \$ 38,483 | \$ 1,717 |
| Public Safety | 211,030 | 153,070 | 753,160 | (600,090) |
| Debt Service | <u>58,000</u> | <u>59,130</u> | <u>32,380</u> | <u>26,750</u> |
| Total Expenditures | <u>\$ 299,840</u> | <u>\$ 252,400</u> | <u>\$ 824,023</u> | <u>\$(571,623)</u> |

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Natchitoches Parish Fire
Protection District No. 6
114 Magnolia Avenue
Natchitoches, LA 71457

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Natchitoches Parish Fire Protection District No. 6 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Natchitoches Parish Fire District No. 6's compliance with certain laws and regulations during the year ended December 31, 2003, included in the *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. 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 materials and supplies exceeding \$15,000, 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).

No expenditures found to be in violation.

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.

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

Management provided us with the required list.

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

No violations found.

BUDGETING

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

Management provided us with a copy of the original budget. There was one amendment to the budget during the year.

6. Trace the budget adoption to the minute book.

We traced the adoption of the budget and amendment to the minutes of the District. They were adopted by a unanimous decision.

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

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year did exceed budgeted amounts by more than 5%.

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:

Each disbursement appeared to be coded correctly.

- (c) determine whether payments received approval from proper authorities:

Inspection of supporting documentation showed written approval. In addition, non-recurring entries were discussed and approved in the minutes.

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).

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that such documents were properly posted.

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 any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

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

No violations found.

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. 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 the Natchitoches Parish Fire Protection District No. 6 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

June 15, 2004
Natchitoches, Louisiana

**NATCHITOCHE PARISH
FIRE PROTECTION DISTRICT NO. 6**

LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your compilation of our financial statements as of December 31, 2003, and for the period 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 regulations 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 December 30, 2003.

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 X 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 X 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 X 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 39:43.

Yes X 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 X No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:453, and/or 39:92, as applicable.

Yes X No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes X No

Meetings

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

Yes X 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 47:1410.60.

Yes X 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 72-729.

Yes X 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.

Vice-Chairman William R. Lang Date 12-30-2003

Note - Quasi-public entities should delete reference to the above statutes, unless required to follow such laws by contact with their public funding agencies. The quasi-public entities should include a representation that they have complied with the contractual provisions under which they have received state and/or local funds.

Johnson, Thomas & Cunningham
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

June 30, 2004

Natchitoches Parish Fire
Protection District No. 6
114 Magnolia Avenue
Natchitoches, LA 71457

Dear Mr. Lang,

We have completed the general purpose financial statements of the Natchitoches Parish Fire Protection District No. 6, and have applied certain agreed upon procedures. As part of those procedures, we have the following information to report to you.

Louisiana State Law requires that the budget be amended if either actual revenue fails to meet budgeted amounts by 5% or more; actual expenditures exceed budgeted amounts by 5% or more. For the year ended December 31, 2003, the expenditures exceed the 5% variance. We recommend the District monitor actual versus budgeted in the future and make the necessary budget amendments.

Johnson, Thomas & Cunningham
Johnson, Thomas & Cunningham, CPA's

June 15, 2004
Natchitoches, LA 71457

NATCHITOCHE PARISH FIRE PROTECTION DISTRICT NO. 6

**114 Magnolia Avenue
Natchitoches, LA 71457**

June 20, 2004

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804

The following is our response to the management letter issued to us by the firm, Johnson, Thomas & Cunningham, CPA's for the year ended December 31, 2003.

Management's Corrective Action Plan

We will monitor the actual expenditures to budgeted expenditures and make the necessary budget adjustments.

Thank you,

William R. Lang

William R. Lang