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FIRE PROTECTION SUBDISTRICT NO. 2  
OF WEST BATON ROUGE  
BRUSLY, LOUISIANA

Annual Financial Statements  
Year Ended June 30, 2004

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 11-17-04

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*Certified Public Accountant*



*Donald C. DeVille*

Member  
American Institute CPAs

Member  
Louisiana Society CPAs

7829 BLUEBONNET BLVD.  
BATON ROUGE, LA 70810  
(225) 767-7829

REPORT OF INDEPENDENT ACCOUNTANT

July 27, 2004

Board of Commissioners  
Fire Protection Sub-District No. 2 of West Baton Rouge Parish  
Brusly, Louisiana

I have audited the accompanying basic financial statements of the Fire Protection Subdistrict No. 2 of West Baton Rouge as of and for the year ended June 30, 2004, as listed in the Table of Contents. These basic financial statements are the responsibility of the Fire Protection Subdistrict No. 2 of West Baton Rouge's management. My responsibility is to express an opinion of these basic financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provided a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Fire Protection Subdistrict No. 2 of West Baton Rouge as of June 30, 2004, 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, the Fire Protection Subdistrict No. 2 of West Baton Rouge has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments, as of June 30, 2004.

The budgetary information on page 20, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

The Fire Protection Subdistrict No. 2 of West Baton Rouge has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, I have also issued a report dated July 27, 2004, on our consideration of Fire Protection Subdistrict No. 2 of West Baton Rouge's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

*Walter D. Mc*

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE  
BRUSLY, LOUISIANA  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2004**

	<u>GENERAL</u> <u>FUND</u>	<u>ADJUSTMENTS</u> <u>(Note 2)</u>	<u>STATEMENT</u> <u>OF</u> <u>NET ASSETS</u>
<b><u>ASSETS:</u></b>			
Cash & Cash Equivalents	\$77,174	-0-	\$77,174
Investments - Lamp	10,407	-0-	10,407
Taxes Receivable	20,569	-0-	20,569
Intergovernmental Receivables	4,212	-0-	4,212
Fixed Assets	-0-	606,284	606,284
	<hr/>	<hr/>	<hr/>
<b>Total Assets</b>	<b>112,362</b>	<b>606,284</b>	<b>718,646</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES:</u></b>			
Current Liabilities			
Loans Payable	\$-0-	\$110,000	\$110,000
Accounts Payable	1,414	-0-	1,414
Compensated Absences	-0-	1,305	1,305
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>1,414</b>	<b>111,305</b>	<b>112,719</b>
	<hr/>	<hr/>	<hr/>
<b><u>FUND BALANCES/NET ASSETS</u></b>			
<b><u>FUND BALANCES:</u></b>			
Unreserved	110,948	(110,948)	-0-
	<hr/>	<hr/>	<hr/>
Total Fund Balances	110,948	(110,948)	-0-
	<hr/>	<hr/>	<hr/>
<b><u>NET ASSETS:</u></b>			
Unrestricted	-0-	605,927	605,927
	<hr/>	<hr/>	<hr/>
<b>Total Fund Balances/Net Assets</b>	<b>110,948</b>	<b>494,979</b>	<b>605,927</b>
	<hr/>	<hr/>	<hr/>
<b>Total Liabilites &amp; Net Assets</b>	<b>112,362</b>	<b>606,284</b>	<b>718,646</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**STATEMENT OF STATEMENT OF ACTIVITIES AND**  
**GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED JUNE 30, 2004**

	<b>GENERAL</b>	<b>ADJUSTMENTS</b>	<b>STATEMENT</b>
	<b>FUND</b>	<b>(Note 3)</b>	<b>OF</b>
			<b>ACTIVITIES</b>
<b><u>EXPENDITURES</u></b>			
<b>Fire Protection Services</b>			
Salaries	\$77,745	\$1,305	\$79,050
Fringe Benefits	13,299	-0-	13,299
Administrative	6,000	-0-	6,000
Material And Supplies	18,014	-0-	18,014
Maintenance	8,858	-0-	8,858
Insurance	28,739	-0-	28,739
Postage	3,818	-0-	3,818
Professional	5,642	-0-	5,642
Publications	1,355	-0-	1,355
Telephone	21,604	-0-	21,604
Uniforms	2,732	-0-	2,732
Utilities	4,960	-0-	4,960
Vehicle Expense	18,667	-0-	18,667
Miscellaneous	2,024	-0-	2,024
Debt Retirement/Interest	24,820	(19,000)	5,820
Capital Outlay	93,218	(93,218)	-0-
Depreciation	-0-	53,624	53,624
	<u>331,495</u>	<u>(57,289)</u>	<u>274,206</u>
<b>Total Expenditures/Expenses</b>			
<b><u>PROGRAM REVENUES:</u></b>			
Fees, Fines and Charges	-0-	-0-	-0-
	<u>331,495</u>	<u>(57,289)</u>	<u>274,206</u>
<b>Net Program Expense</b>			
<b><u>GENERAL REVENUES:</u></b>			
Sales Taxes	253,117	-0-	253,117
Intergovernmental	9,806	-0-	9,806
Investment Income	635	-0-	635
	<u>263,558</u>	<u>-0-</u>	<u>263,558</u>
<b>Total General Revenue</b>			
Excess of General Revenues Over Expenditures	(67,937)	57,289	(10,648)
<b>CHANGES IN NET ASSETS</b>			
<b>FUND BALANCES/NET ASSETS</b>			
<b>BEGINNING OF YEAR</b>	<u>178,885</u>	<u>437,690</u>	<u>616,575</u>
<b>END OF YEAR</b>	<u>110,948</u>	<u>494,979</u>	<u>605,927</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

Fire Protection Sub-District No. 2 of West Baton Rouge Parish was established by the parish governing authority, West Baton Rouge Parish Police Jury, as provided by Louisiana Revised Statute (LRS) 40:1506. The Fire Sub-District was created to do and perform all acts necessary and proper for the purpose of providing fire protection service within the Brusly sub-district. The sub-district is governed by a chief executive officer and a board of commissioners, in accordance with LRS 40:1506 which provides that if a municipality is included within a sub-district, the governing body of the municipality shall be the governing body of the sub-district. The 2000 census population of the Sub-District was approximately 2,020 and the Fire Sub-District is a voluntary fire department with one full time and several part-time employees.

**BASIS OF PRESENTATION**

The accompanying financial statements of the Fire Protection Subdistrict No. 2 of West Baton Rouge have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments, issued in June 1999.

**B. REPORTING ENTITY**

The Fire Protection Subdistrict does not possess all the corporate powers to make it a legally separate entity and the Town of Brusly holds the Fire Protection Subdistrict's corporate powers. For this reason, the Fire Protection Subdistrict is a component unit of the Town of Brusly, the Financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Fire Protection Subdistrict and do not present information on the Town, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. FUND ACCOUNTING**

The Fire Protection Subdistrict uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**GOVERNMENTAL FUNDS**

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

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

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures and changes in fund balances reports the sources (i.e. revenue and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustments to a government-wide view of the Fire Protection Subdistrict operations.



**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The amounts reflected in the General Fund of Statement A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Fire Protection Subdistrict considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures.

**Revenues**

Major revenue sources susceptible to accrual include: property taxes, intergovernmental revenue, investment income.

**Expenditures**

The major expenditures are: salaries, supplies, capital outlay and intergovernmental.

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

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Fire Protection Subdistrict as a whole excluding the fiduciary activities such as employee pension plans. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities, resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchanged Transactions.

**Program Revenues**

Program revenues included in the column labeled Statement of Activities are derived directly from Fire Protection Subdistrict users as a fee for services; program revenues reduce the cost of the function to be financed from the Fire Protection Subdistrict's general revenues.

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**BUDGETS**

The Fire Protection Subdistrict uses the following budget practices:

1. Annually in the spring of each year the Fire Subdistrict submits a proposed operating budget for the general fund prepared on the GAAP basis, to the Board of Commissioners' adoption.
2. The Board of Commissioners conducts public hearings on the budget, which must be adopted by May 15. At year end, public notices affording the public the opportunity to participate in the budget process, appeared in the May issues of the West Side Journal, the official journal of the parish.
3. Budget amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the respective Board of Commissioners.
4. All unencumbered budget appropriations, lapse at the end of each fiscal year.

**CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest bearing demand deposits and money market accounts. Under state law, the Fire Protection Subdistrict may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**PREPAID ITEMS**

Insurance and similar services which extend over more than one accounting period have been recognized as expenditures when paid.

FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE  
BRUSLY, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS**

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 Fire Protection Subdistrict maintains a threshold level of \$2,500 or more for capitalized capital assets.

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

Equipment -	5 to 7 Years
Vehicles -	5 to 10 Years

**COMPENSATED ABSENCES**

The Fire Protection Subdistrict's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE  
BRUSLY, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

**NOTE 2 - RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

Total Governmental Fund Balance	\$110,948
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	606,284
Long term liabilities, including certificates of indebtedness, are not due and payable in the current period and therefore are not reported in the funds.	(111,305)
	<u>          </u>
Net Assets of Governmental Activities	<u>605,927</u>

**NOTE 3 - RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances-Total Governmental Funds	\$(67,937)
Amounts reported for governmental activities in the statement of activities are 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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	39,594
Other elements include debt retirement which is a reduction of the long term liability	19,000
Another element include compensated absences payable	<u>(1,305)</u>
Net Assets of Governmental Activities	<u>(10,648)</u>

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 4 - CASH AND CASH EQUIVALENTS**

At June 30, 2004, the Fire Protection Subdistrict has cash and cash equivalent (book balances) totaling \$77,174.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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 **June 30, 2004**, the Fire Protection Subdistrict had **\$110,089** in deposits (collected bank balances).

These deposits are insured from risk by **\$56,042** of federal deposit insurance, **\$54,047** national credit union administration, and **\$141,141** of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledge securities within 10 days of being notified by the library that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 5 - INVESTMENTS**

Investments held at **June 30, 2004**, consist of **\$10,407** in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2004, is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investments is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is the provided a safe environment for the placement of public funds is short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 5 - INVESTMENTS** (Continued)

Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivision of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States Corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**NOTE 6 - RECEIVABLES AND PAYABLES**

A. A Summary of Receivables at year end follows:

<u>CLASS OF RECEIVABLES</u>	<u>GENERAL FUND</u>
Sales Taxes	\$20,569
Due From Addis Fire Department	4,212
	<hr/>
Total	24,781
	<hr/> <hr/>

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 7 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2004, is as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>6-30-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-04</u>
Equipment and Vehicles	\$517,990	\$119,065	-0-	\$637,055
Buildings	462,423	-0-	-0-	462,423
Subtotal	980,413	119,065	-0-	1,099,478
<u>Accumulated Depreciation:</u>				
Equipment and Vehicles	(352,334)	(42,063)	-0-	(394,397)
Buildings	(87,236)	(11,561)	-0-	(98,797)
Subtotal	(439,570)	(53,624)	-0-	(493,194)
Net Capital Assets	540,843	65,441	-0-	606,284

**NOTE 8 - LONG-TERM OBLIGATIONS**

The following is a summary of debt transactions for the year ended June 30, 2004:

	<u>BALANCE</u> <u>7/1/03</u>	<u>ADDITIONS</u>	<u>RETIREMENT</u>	<u>BALANCE</u> <u>6/30/04</u>
Certificate of Indebtedness	\$120,000	-0-	\$10,000	\$110,000
Certificate of Indebtedness	9,000	-0-	9,000	-0-
Total	129,000	-0-	19,000	110,000

Certificate of Indebtedness at June 30, 2004, are comprised of:

\$165,000 Certificate of Indebtedness, Series 1999A, with Bank of West Baton Rouge, bearing interest at 4.85%; principal due April 1 of each year for ten years, and interest due April 1 and October 1 each year until paid off -

\$110,000

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 8 - LONG-TERM OBLIGATIONS** (Continued)

The future payments are as follows:

<u>DUE DATE</u>	<u>PAYMENT</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
01-Apr-05	\$24,850	\$20,000	\$4,850
01-Apr-06	24,856	21,000	3,856
01-Apr-07	24,813	22,000	2,813
01-Apr-08	24,721	23,000	1,721
01-Apr-09	24,582	24,000	582
Total	<u>123,822</u>	<u>110,000</u>	<u>13,822</u>

**NOTE 9 - PENSION PLAN AND RETIREMENT COMMITMENTS**

**Plan Description.**

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

**Plan Membership.**

Employer and employee membership data at June 30, 2003, includes 4,974 members.

**Plan Benefits.**

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

Employees who terminate with at least the amount of credited service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.



**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE**  
**BRUSLY, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

**NOTE 9 - PENSION PLAN AND RETIREMENT COMMITMENTS** (Continued)

The System issues an annual 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 94095, Capitol Station, Baton Rouge, Louisiana 70804-9095, or by calling (225) 925-4060.

**Funding Policy**

Under the Plan, members are required by state statute to contribute 8% of their annual covered salary and the Fire Protection Subdistrict is required to contribute at an actuarially determined rate. The current rate is 9% of annual covered payroll. The contribution requirements of plan members and the Fire Protection Subdistrict 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 Fire Protection Subdistrict's contributions to the System under Plan A for the years ended **June 30, 2004, and June 30, 2003**, were **\$4,969** and **\$3,665**, respectively, equal to the required contributions for each year.

**NOTE 10 - POST-RETIREMENT BENEFITS**

The Fire Protection Subdistrict does not offer any post retirement benefits.

**NOTE 11 - COMPENSATED ABSENCES**

At **June 30, 2004**, employees of the Fire Protection Subdistrict have accumulated and vested **\$1,305** of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, all is recorded as an obligation of the General Fund.

**NOTE 12 - LITIGATION AND CLAIMS**

As of **June 30, 2004**, there was no litigation pending against the Fire Protection Subdistrict No. 2 of West Baton Rouge, nor was the Fire Protection Subdistrict aware of any unasserted claims.

No claims or litigation costs were incurred in the current year.

FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE  
BRUSLY, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004

**NOTE 13 - COMPENSATION PAID TO BOARD MEMBERS**

In compliance with the Fire Protection Subdistrict Law of Louisiana (Act 36 of 1926), no compensation is paid to any member of the Board of Control.

**NOTE 14 - RISK MANAGEMENT**

The Fire Protection Subdistrict is exposed to various risks of loss related to torts, theft of, damage of and destruction of assets; errors and omissions and natural disasters for which the Fire Protection Subdistrict carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

REQUIRED SUPPLEMENTAL INFORMATION

**FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE  
BRUSLY, LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR YEAR ENDED JUNE 30, 2004**

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>BUDGET TO GAAP</u>	<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u>	<u>DIFFERENCES</u>	<u>GAAP</u>
			<u>BASIS</u>	<u>OVER (UNDER)</u>	<u>AMOUNTS</u>
					<u>BASIS</u>
<b>REVENUES</b>					
Sales Taxes	\$255,000	\$255,000	\$253,117	-0-	\$253,117
Intergovernmental	8,000	8,000	9,806	-0-	9,806
Investment Income	4,000	4,000	635	-0-	635
<b>TOTAL REVENUES</b>	<u>267,000</u>	<u>267,000</u>	<u>263,558</u>	<u>-0-</u>	<u>263,558</u>
<b>EXPENDITURES/EXPENSE</b>					
<b>FIRE PROTECTION SERVICES</b>					
Salaries	80,826	80,826	77,745	-0-	79,050
Fringe Benefits	30,000	30,000	13,299	-0-	13,299
Administrative	6,000	6,000	6,000	-0-	6,000
Material And Supply	12,000	11,000	18,014	-0-	18,014
Maintenance	7,000	8,000	8,858	-0-	8,858
Insurance	25,000	28,700	28,739	-0-	28,739
Postage	3,800	3,800	3,818	-0-	3,818
Professional	3,500	3,500	5,642	-0-	5,642
Publications	1,500	1,500	1,355	-0-	1,355
Telephone	19,119	19,119	21,604	-0-	21,604
Uniforms	2,500	2,500	2,732	-0-	2,732
Utilities	5,000	5,000	4,960	-0-	4,960
Vehicle Expense	10,500	15,500	18,667	-0-	18,667
Miscellaneous	7,500	7,500	2,024	-0-	2,024
Debt Retirement	24,578	24,578	24,820	-0-	24,820
Capital Outlay	78,500	86,500	93,218	-0-	93,218
<b>Total</b>	<u>317,323</u>	<u>334,023</u>	<u>331,495</u>	<u>-0-</u>	<u>331,495</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>					
	(50,323)	(67,023)	(67,937)	-0-	(67,937)
<b>FUND BALANCE, JUL 1</b>	<u>178,855</u>	<u>178,855</u>	<u>178,885</u>	<u>-0-</u>	<u>178,885</u>
<b>FUND BALANCE, JUN 30</b>	<u>128,532</u>	<u>111,832</u>	<u>110,948</u>	<u>-0-</u>	<u>110,948</u>

OTHER SUPPLEMENTAL INFORMATION

*Certified Public Accountant*



**Donald C. DeVille**

Member  
American Institute CPAs

Member  
Louisiana Society CPAs

7829 BLUEBONNET BLVD.  
BATON ROUGE, LA 70810  
(225) 767-7829

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

July 27, 2004

To the Board of Control  
Fire Protection Subdistrict No. 2 of West Baton Rouge  
Brusly, Louisiana

I have audited the financial statements of the Fire Protection Subdistrict No. 2 of West Baton Rouge as of and for the year ended June 30, 2004, and have issued my report thereon dated July 27, 2004. I conducted my audit in accordance with generally accepted auditing standards 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 Subdistrict No. 2 of West Baton Rouge's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests did not disclose an instances of noncompliance that is required to be reported under Government Auditing Standards.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit, I considered Fire Protection Subdistrict No. 2 of West Baton Rouge's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

This report is intended solely for the information and use of management, others within the organization, and state Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, reading "Hall C. Duville". The signature is written in a cursive style with a large, stylized initial "H".

FIRE PROTECTION SUBDISTRICT NO. 2 OF WEST BATON ROUGE  
BRUSLY, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2004

REF NO.	FISCAL YEAR FINDING INITIALLY OCCURRED	DESCRIPTION OF FINDING	CORRECTIVE ACTION TAKEN (YES, NO, PARTIALLY)	PLANNED CORRECTIVE ACTION/PARTIAL CORRECTIVE ACTION TAKEN
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NONE