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ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
(A Component Unit of the St. Tammany Parish Government)

Independent Accountant's Compilation Report

As of and for the Year Ended December 31, 2003

Under the 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 5.12.04

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
(A Component Unit of the St. Tammany Parish Government)
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December 31, 2003

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Affidavit and Revenue Certification

St. Tammany Parish Fire Protection District 10
(A Component Unit of the St. Tammany Parish Government)

St Tammany Parish
Sun, Louisiana

**ANNUAL SWORN FINANCIAL STATEMENTS AND
CERTIFICATION OF REVENUES \$50,000 OR LESS**

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Legislative Auditor within 90 days after the close of the fiscal year. The certification of revenues \$50,000 or less is required by Louisiana Revised Statute 24:513(l)(1)(c)(i).

Personally came and appeared before the undersigned authority, Karen Brown, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of St. Tammany Parish Fire Protection District 10, a component unit of the St. Tammany Parish Government, as of December 31, 2003, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

In addition, Karen Brown, who, duly sworn, deposes and says that St. Tammany Parish Fire Protection District 10 received \$50,000 or less in revenues and other sources for the year ended December 31, 2003, and accordingly, is not required to have an audit for the previously mentioned year.

Karen Brown
Signature

Sworn to and subscribed before me this 5th day of May, 2004.

Richard M. Good # 065705
NOTARY PUBLIC

Officer Name Karen Brown
Title Acting Treasurer
Address 29155 Ellis Drive
Bogalusa, LA 70427
Telephone No. 985/516-6318
Fax No. 985/886-3522

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

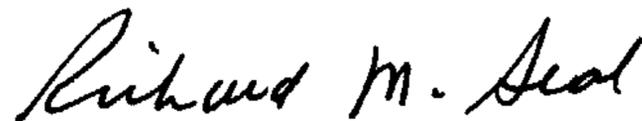
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
St. Tammany Parish Fire Protection
District No. 10
Sun, Louisiana

I have compiled the accompanying financial statements of the governmental activities and each major fund of the St. Tammany Parish Fire Protection District No. 10, a component unit of the St. Tammany Parish Government, 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. I have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them. However, I did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

Management has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Certified Public Accountant

Bogalusa, Louisiana
May 5, 2004

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
(A Component Unit of the St. Tammany Parish Government)
Statement of Net Assets
December 31, 2003

ASSETS

Cash and cash equivalents	\$ 13,929
Receivables	25,318
Capital assets:	
Land	4,000
Depreciable buildings, property, and equipment, net	33,822
Total assets	\$ 77,069

LIABILITIES

Accounts payable	364
Certificate of indebtedness payable:	
Portion due within one year	5,000
Portion due after one year	10,000
Total liabilities	15,364

NET ASSETS

Invested in capital assets, net of related debt	22,822
Unrestricted	38,883
Total net assets	61,705
Total liabilities and net assets	\$ 77,069

See accompanying notes and accountant's compilation report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
 (A Component Unit of the St. Tammany Parish Government)

Statement of Activities

For the Year Ended December 31, 2003

Functions/Programs	Program revenues			Governmental Activities	Total	Net (Expense) Revenue and Changes in Net Assets
	Charges for Services	Grants and Contributions	Capital			
Governmental activities:						
Public Safety	\$ 19,660	\$ -	\$ -	\$ (19,660)	\$ (19,660)	\$ (19,660)
Total	19,660	-	-	(19,660)	(19,660)	(19,660)

General revenues:

Taxes:		
Property taxes	23,011	23,011
State revenue sharing	1,532	1,532
2% fire insurance rebate	2,461	2,461
Interest	34	34
Miscellaneous	284	284
Total general revenues	27,322	27,322
Change in net assets	7,662	7,662
Net assets-beginning	54,043	54,043
Net assets-ending	\$ 61,705	\$ 61,705

See accompanying notes and accountant's compilation report.

FUND FINANCIAL STATEMENTS (FFS)

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
 (A Component Unit of the St. Tammany Parish Government)

Balance Sheet
 Governmental Funds
 December 31, 2003

	<u>General Fund</u>
ASSETS	
Cash and investments	\$ 13,929
Receivables	<u>25,318</u>
Total assets	<u>39,247</u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 364
Total liabilities	<u>364</u>
Fund balances:	
Unreserved, reported in:	
General fund	<u>38,883</u>
Total fund balances	<u>38,883</u>
Total liabilities and fund balances	

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.	\$ 37,822
Long-term liabilities, including certificate of indebtedness payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	<u>(15,000)</u>
Net assets of governmental activities	<u><u>\$ 61,705</u></u>

See accompanying notes and accountant's compilation report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
 (A Component Unit of the St. Tammany Parish Government)
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003

	<u>General Fund</u>
Revenues	
Property taxes	\$ 23,011
State revenue sharing	1,532
2% fire insurance rebate	2,461
Interest	34
Miscellaneous	284
Total revenues	<u>27,322</u>
Expenditures	
Current:	
Public Safety	15,969
Debt service	
Principal	5,000
Interest and other charges	800
Total expenditures	<u>21,769</u>
Net change in fund balance	5,553
Fund balances-beginning	<u>33,330</u>
Fund balances-ending	<u>\$ 38,883</u>

See accompanying notes and accountant's compilation report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
 (A Component Unit of the St. Tammany Parish Government)
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2003

Net change in fund balances—total governmental funds	\$	5,553
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Governmental funds do not report depreciation expense as an expenditure.		(2,891)
Repayment of certificate of indebtedness is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		<u>5,000</u>
Change in net assets of governmental activities	\$	<u><u>7,662</u></u>

See accompanying notes and accountant's compilation report.

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
(A Component Unit of the St. Tammany Parish Government)
Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

INTRODUCTION

St. Tammany Parish Fire Protection District No. 10 was created by the St. Tammany Parish Government, as authorized by Louisiana Revised Statute 40:1492. The fire district is responsible for fire protection in the Village of Sun and the surrounding areas. The administration of the fire district is governed by a board of commissioners consisting of five members. Two members are appointed by the St. Tammany Parish Government and two by the Village of Sun. The fifth member is elected by the other four members and serves as chairman. The members serve terms of two years without compensation. Vacancies are filled by the bodies making the original appointments. The district operates one fire station. All fire prevention and protection services are provided by volunteers.

As the governing authority of the parish, for reporting purposes, the St. Tammany Parish Government is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 St. Tammany Parish Government for financial reporting purposes. The basic criterion 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 parish government 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 parish government.
2. Organizations for which the parish government does not appoint a voting majority but are fiscally dependent on the parish government.

St. Tammany Parish Fire Protection District No. 10
(A Component Unit of the St. Tammany Parish Government)
Notes to the Financial Statements (Continued)

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

Because the parish government created the district and can impose its will, the district was determined to be a component unit of the St. Tammany Parish Government, 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 parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Implementation of GASB Statement No. 34

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Effective for 2003 the district adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments and applied those standards on a retroactive basis. As a result, an entirely new financial presentation has been implemented.

The government-wide financial statements are new and provide a perspective of the district as a whole. These statements use the full accrual basis method of accounting similar to private sector companies. There are two district wide statements as follows:

1. **Statement of Net Assets** - This statement for the first time combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not. Net assets are classified for accounting and reporting into the following three net asset categories:
 - **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

St. Tammany Parish Fire Protection District No. 10
(A Component Unit of the St. Tammany Parish Government)
Notes to the Financial Statements (Continued)

- **Restricted net assets** result when constraints placed on net assets are either externally imposed by creditors, grantors, contributions, and the like, or imposed by law through constitutional provisions or enabling legislation.
 - **Unrestricted net assets** consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.
2. **Statement of Activities** - This statement demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

The governmental fund financial statements are similar to financial presentations of years past, but the new focus is on the district's major funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long Term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used in the district. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

B. Deposits and investments

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 date of acquisition. State law allows investments in collateralized certificates of

St. Tammany Parish Fire Protection District No. 10
(A Component Unit of the St. Tammany Parish Government)
Notes to the Financial Statements (Continued)

deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair market value.

C. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

All property tax receivables are shown net of an allowance for uncollectibles.

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the subsequent year. The taxes are generally collected in December, January, and February of the fiscal year. The following is a summary of levied taxes:

Taxes due for:	
Operations and maintenance	20.88 mills

D. Capital Assets

Capital assets, which include property, equipment, and buildings, are reported in the applicable governmental activities column in the 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 \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs 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:

St. Tammany Parish Fire Protection District No. 10
 (A Component Unit of the St. Tammany Parish Government)
 Notes to the Financial Statements (Continued)

<u>Description</u>	<u>Estimated Lives</u>
Building	40 years
Equipment	5 years
Fire trucks	15 years

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The budget was prepared on the modified accrual basis of accounting and was not amended.

3. CASH AND CASH EQUIVALENTS

At December 31, 2003, the district had cash and cash equivalents (book balances) totaling \$13,929, as follows:

Demand deposits	\$ 11,278
Money Market	<u>2,651</u>
Total	<u>\$ 13,929</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the

St. Tammany Parish Fire Protection District No. 10
(A Component Unit of the St. Tammany Parish Government)
Notes to the Financial Statements (Continued)

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 had \$13,929, in deposits (collected bank balances). These deposits were secured from risk by \$100,000 of federal deposit insurance (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$25,318 at December 31, 2003, were as follows:

<u>Class of Receivable</u>	<u>General Fund</u>
Ad valorem taxes	\$ 23,799
State revenue sharing	<u>1,519</u>
Total	<u>\$ 25,318</u>

St. Tammany Parish Fire Protection District No. 10
(A Component Unit of the St. Tammany Parish Government)
Notes to the Financial Statements (Continued)

5. CHANGES IN GENERAL FIXED ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	4,000			4,000
Total capital assets, not being depreciated	<u>4,000</u>	<u>—</u>	<u>—</u>	<u>4,000</u>
Capital assets, being depreciated				
Buildings	49,898			49,898
Equipment	165,391			165,391
Total capital assets being depreciated	215,289	—	—	215,289
Less accumulated depreciation for:				
Buildings	(20,588)	(1,247)		(21,835)
Equipment	(157,988)	(1,644)		(159,632)
Total accumulated depreciation	<u>(178,576)</u>	<u>(2,891)</u>	<u>—</u>	<u>(181,467)</u>
Total capital assets being depreciated, net	<u>\$ 36,713</u>	<u>\$ (2,891)</u>	<u>\$ —</u>	<u>\$ 33,822</u>

Depreciation expense of \$2,891 for the year ended December 31, 2003, was charged to public safety.

St. Tammany Parish Fire Protection District No. 10
 (A Component Unit of the St. Tammany Parish Government)
 Notes to the Financial Statements (Continued)

6. CHANGES IN GENERAL LONG-TERM DEBT

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

	<u>Certificate of Indebtedness</u>
Long-term obligations at beginning of year	\$ 20,000
Additions	—
Deductions	<u>(5,000)</u>
Long-term debt payable at End of Year	<u>\$ 15,000</u>

The following is a summary of the current (due in one year or less) and the long-term obligations as of December 31, 2003:

	<u>Certificate of Indebtedness</u>
Current portion	\$ 5,000
Long-term portion	<u>10,000</u>
Total	<u>\$ 15,000</u>

The original amount of the certificate of indebtedness dated January 18, 2002 was \$25,000. Proceeds of the loan were used to pay off the balance of an equipment installment loan and to purchase fire protection equipment. Payment is due in five annual installments of \$5,000 plus interest at 4.0 per cent per annum. Maturities of the certificate of indebtedness follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 5,000	\$ 600	\$ 5,600
2005	5,000	400	5,400
2006	<u>5,000</u>	<u>200</u>	<u>5,200</u>
Total	<u>\$ 15,000</u>	<u>\$ 1,200</u>	<u>\$ 16,200</u>

St. Tammany Parish Fire Protection District No. 10
(A Component Unit of the St. Tammany Parish Government)
Notes to the Financial Statements (Continued)

7. RISK MANAGEMENT

The district is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets. Commercial automobile insurance under an emergency services insurance program provides liability coverage only. The district also carries property insurance, which includes a small amount of contents coverage, on its fire station and general liability insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past four years.

**REQUIRED SUPPLEMENTAL
INFORMATION**

ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 10
(A Component Unit of the St. Tammany Parish Government)
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	\$21,300	\$21,300	\$ 23,011	\$ 1,711
State revenue sharing	1,600	1,600	1,532	(68)
2% insurance rebate	2,500	2,500	2,461	(39)
Miscellaneous	-	-	284	284
Interest received	100	100	34	(66)
Total revenues	<u>25,500</u>	<u>25,500</u>	<u>27,322</u>	<u>1,822</u>
Expenditures				
Public safety:				
Insurance	8,050	8,050	5,608	2,442
Office	50	50	359	(309)
Operation-fuel and oil	1,450	1,450	1,027	423
Other	150	150	30	120
Professional fees	1,500	1,500	700	800
Repairs & maintenance	2,050	2,050	3,544	(1,494)
Statutory charge	200	200	-	200
Telephone	4,500	4,500	2,028	2,472
Utilities	1,500	1,500	974	526
Training	-	-	414	(414)
Election	-	-	55	(55)
Dispatch service	-	-	1,230	(1,230)
Debt service	5,720	5,720	5,800	(80)
Capital outlay	330	330	-	330
Total expenditures	<u>25,500</u>	<u>25,500</u>	<u>21,769</u>	<u>3,731</u>
Net change in fund balance	-	-	5,553	5,553
Fund balance, beginning	-	-	33,330	33,330
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,883</u>	<u>\$ 38,883</u>