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Financial Report
FIRE PROTECTION DISTRICT NO. 3
OF LAFOURCHE PARISH
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 1-12-05

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A PROFESSIONAL CORPORATION

P.O. Box 965

LAROSE, LA 70373

Board of Commissioners
Fire Protection District No. 3
of Lafourche Parish

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying basic financial statements of the governmental activities, and each major fund of **Fire Protection District No. 3 of Lafourche Parish**, component unit of the Lafourche Parish Council, as of and for the year ended June 30, 2004, which collectively compromise the Fire Protection District NO. 3 of Lafourche Parish's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of **Fire Protection District No. 3 of Lafourche Parish** management. My responsibility is to express an opinion on these basic financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of **Fire Protection District No. 3 of Lafourche Parish** as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note A to the basic financial statements, the Fire District has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments*, as of July 1, 2003. This results in a change in the format and content of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT
(Continued)

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2004 on my consideration of **Fire Protection District No. 3 of Lafourche Parish** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audits was conducted for the purpose of forming an opinion on the financial statements that collectively compromise the Fire Protection District No. 3 of Lafourche Parish's basic financial statements. The accompanying supplementary schedule of Commissioners' Per Diem is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Aldon G. Wahl, Jr.
Certified Public Accountant

December 20, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Fire Protection No. 3 of Lafourche Parish financial performance presents a narrative overview and analysis of the financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Fire District's financial statements.

Financial Highlights

- Total net assets increased by \$ 937,675 to \$ 4,822,564 at June 30, 2004 from the June 30, 2003 amount of \$ 3,884,889.
- Total net assets increased \$ 947,466 to \$ 4,771,367 at June 30, 2004 from the June 30, 2003 amount of \$ 3,823,901.
- Tax revenues increased \$ 151,660 to \$ 1,982,282 at June 30, 2004 from the June 30, 2003 amount of \$ 1,830,622 due to an increasing taxable base.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Fire District's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements present financial information for all activities of the Fire District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. The Fire District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Assets and the Statement of Activities. They provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances.

The Fire District has one governmental type fund – a General Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. These statements report how the Fire District's fire protection services were financed in the short term as well as what remains for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Fire District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Fire District's programs. Fund financial statements also report the Fire District's operations in more detail than the government wide statements by providing information about the Fire District's major fund. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental fund in a reconciliation at the bottom of the fund financial statements.

Financial Analysis of the Fire District

The following presents condensed financial information on the operations of the Fire District:

	June 30, 2004	June 30, 2003	Change Inc (Dec)
Current Assets	\$2,962,814	\$2,498,627	\$464,187
Capital Assets, net	1,859,750	1,386,262	473,488
Total Assets	4,822,564	3,884,889	937,675
Current Liabilities	51,197	60,988	(9,791)
Long Term Liabilities	-	-	-
Total Liabilities	51,197	60,988	(9,791)
Net Assets Invested in Capital Assets	1,859,750	1,386,262	473,488
Reserved for Debt Service	-	-	-
Unrestricted Net Assets	2,911,617	2,437,639	473,978
Total Net Assets	4,771,367	3,823,901	947,466
Program Revenues:			
Capital Grants and Contributions	-	-	-
General Revenues			
Taxes	1,982,282	1,830,622	151,660
Investment	26,529	22,286	4,243
Intergovernmental Revenues			
State Revenue Sharing	21,492	21,392	100
Other	84,780	55,216	29,564
Other	21,307	20,398	909
Total General Revenues	2,136,390	1,949,914	186,476
Total Revenues	2,136,390	1,949,914	186,476
Total Expenses	1,188,924	1,019,426	169,498
Change in Net Assets	\$947,466	\$930,488	\$16,978

The Fire District's net assets increased by \$ 947,466 during the fiscal year ended June 30, 2004 primarily due to an increase in tax revenues, intergovernmental revenues, investment income, in the current year offset by an increase in insurance and salaries.

Analysis of Individual Funds of the Fire District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Fund and the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund. The total net assets and the change in net assets as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budget is then submitted no later than fifteen days prior to the end of each fiscal year for the succeeding fiscal year for review. The fiscal year ended June 30, 2004 original budget was adopted in June, 2003 and was subsequently amended in April, 2004.

The Fire District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Fire District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on these estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year. The amount budgeted for capital outlay the final budget was increased by \$ 40,000 over the original budget. This increase was due to the capital outlays anticipated. Also the amount budgeted for miscellaneous was decreased by 71,000 due to the timing and reduction of projected expenses. There were no other significant fluctuations between the original and final budgeted amounts.

The Fire District's general fund revenues were more than budgeted amounts by \$287,890, while expenditures were less than budgeted amounts by \$ 186,088. The difference in revenue was primarily due to an increase in intergovernmental revenue, tax revenue and interest income compared to budgeted amounts offset by a decrease in miscellaneous income. The difference in expenses was due to a decrease in operating services and benefits compared to budgeted amounts for the year ended June 30, 2004.

Economic Factors and Next Year's Budgets

The Fire District does not expect the millage rate to change for the 2004 taxes, which will be collected during the year ended June 30, 2005. Accordingly, tax revenues should be fairly consistent with the prior year. However, the taxable base has been increasing over the past few years, which has resulted in an increase in total tax revenues for the Fire District. The Fire District's budget for 2005 will include anticipated cost for capital outlay. The total amount budgeted in 2005 for capital outlay is projected to increase to \$ 1,581,700. Insurance, miscellaneous and personnel expenses are projected to increase. The Fire District does not expect any significant variances for any other revenue or expenditure accounts between fiscal years ending June 30, 2004 and June 30, 2005.

Capital Assets

As of June 30, 2004 the Fire District had \$ 1,859,750 (net of depreciation) invested in a broad range of capital assets including land, buildings, equipment and fire trucks. During the current year the Fire District recorded \$ 718,459 of capital acquisitions in equipment. Depreciation expense of \$ 244,971 was recorded.

Operating Performance

	Year Ended	
	<u>June 30,</u>	
	<u>2004</u>	<u>2003</u>
Incidents Dispatched		
Fire	385	416
Ambulance		
Emergencies	2017	1977
Transfers	625	672
Breakdown of Fire Incidents Dispatched/Responded		
Structure Fire Incidents	37	32
Vehicle Fire Incidents	30	20
Other Fire Incidents	67	48
Rescue/Emergency Medical Incidents	63	94
False Alarm Incidents	46	48
Hazardous Incidents	48	62
All Other Incidents	94	112

Contacting the Fire District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Fire District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions regarding this report, or need additional financial information, contact:

Fire Protection District No. 3 of Lafourche Parish
P. O. Drawer 910
Galliano, LA 70354

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETS

Cash and cash equivalents	\$	2,800,134
Accounts receivable		80,439
Prepaid expenses		82,241
Property and equipment, net		<u>1,859,750</u>
 Total assets		 <u><u>4,822,564</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	6,404
Other accrued liabilities		<u>44,793</u>
 Total liabilities	 \$	 <u><u>51,197</u></u>

Net assets		
Invested in Capital Assets		1,859,750
Unrestricted		<u>2,911,617</u>
 Total net assets	 \$	 <u><u>4,771,367</u></u>

See accompanying notes to financial statements

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004**

Functions/programs	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		<u>Net Revenue and Change in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Public safety				
Fire protection	\$ 1,188,924	\$ -	\$ -	\$ (1,188,924)
Total governmental activities	\$ 1,188,924	\$ -	\$ -	\$ (1,188,924)
General revenues:				
Taxes				1,982,282
Intergovernmental revenues:				
State revenue sharing				21,492
Insurance Rebate				59,580
Other				25,200
Unrestricted investment earnings				26,529
Miscellaneous				21,307
Total general revenues				2,136,390
Change in net assets				947,466
Net assets - beginning of the year				3,823,901
Net assets - end of the year				\$ 4,771,367

See accompanying notes to financial statements

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
 BALANCE SHEET – GOVERNMENTAL FUND
 June 30, 2004

	<u>GENERAL FUND</u>
 ASSETS	
Cash and cash equivalents	\$2,800,134
Accounts receivable:	
Ad valorem taxes	13,694
Insurance rebate	59,580
Revenue sharing	7,165
Prepaid expenses	<u>82,241</u>
 Total assets	 <u>\$2,962,814</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Accounts payable	\$ 6,404
Other accrued liabilities	<u>44,793</u>
 Total liabilities	 <u>51,197</u>
 Fund balance	
Fund balance - unrestricted, undesignated	<u>2,911,617</u>
Total fund balance	<u>2,911,617</u>
 Total liabilities and fund balance	 2,962,814

Amounts reported for governmental activities in the statement of net assets are different because:

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The statement of net assets reports capital outlays as an asset of the District. These capital assets are depreciated over their estimated useful lives in the statement of activities and are not reported in the governmental funds.

Total cost of capital assets	4,464,846
Accumulated depreciation related to those assets	<u>(2,605,096)</u>
 Net assets of governmental activities	 <u>\$4,822,564</u>

See accompanying notes to financial statements
 (9)

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
GOVERNMENTAL FUND
For the year ended June 30, 2004

	General Fund
REVENUES	
Ad valorem taxes	\$1,982,282
Intergovernmental	106,272
Interest income	26,529
Miscellaneous	<u>21,307</u>
Total revenues	<u>2,136,390</u>
EXPENDITURES	
Public safety:	
Current:	
Salaries and related benefits	403,455
Professional Services	4,550
Collection expense	61,490
Insurance	201,142
Dues and subscriptions	2,059
Repairs and maintenance	98,675
Supplies	32,940
Telephone	21,053
Travel and schooling	8,955
Utilities	35,197
Uniforms	12,193
Radio and contracts	13,312
Equipment -- expendables and repair	16,262
Physicals	872
Fuel	7,923
Miscellaneous	23,875
Capital outlay	<u>718,459</u>
Total expenditures	<u>1,662,412</u>
Excess (deficiency) of revenues over expenditures	473,978
Fund balances - July 1	<u>2,437,639</u>
Fund balances - June 30	2,911,617

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 capitalized in the statement of net assets. This is the amount by which capital outlays exceeded depreciation expense during the year. 473,488

Change in net assets of governmental activities \$3,385,105

See accompanying notes to financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

Fire Protection District No. 3 of Lafourche Parish was created by the Policy Jury of the Parish of Lafourche on May 13, 1953. The district serves the area of Lafourche Parish three miles north of the Intracoastal Waterway, south to the Jefferson Parish line, west to the Terrebonne Parish line along LA 24 in the community of Grand Bois. The district provides fire protection services.

NOTE A - Summary of Significant Accounting Policies

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34., "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*". The Fire District elected to implement the provisions of this statement for the year ended June 30, 2004. The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
 - Depreciation is recorded on depreciable assets and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-Wide Statements and Fund Financial Statements, as explained in the following note disclosures:

BASIS OF PRESENTATION

The financial statements of the Fire Protection District No. 3 of Lafourche Parish have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity 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:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish 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.
2. Organizations for which the Parish does not appoint a voting majority but are fiscally dependent on the Parish.
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.

Because the Lafourche Parish Council appoints two of the four appointed members of the district's governing board and they in turn select a chairperson who is ratified by the Council and has the ability to impose its will on the Fire District, the Fire District was determined to be a component unit of Lafourche Parish. The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on Lafourche Parish, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Policies specific to the government-wide financial statements are as follows:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The Fire District has no business-type activities.

Application of FASB Statements and Interpretations

Reporting on governmental-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Buildings, equipment, furniture and fixtures and infrastructure are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statements of Net Assets.

Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) capital grants and contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment, and include payments from exchange transactions with other governments. The Fire District receives no fees for services.

Capital grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for programs operating of capital needs at the recipient government's discretion.

Measurement focus, basis of accounting, and financial statement presentation

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

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Fire District reports the following major governmental fund:

General Fund

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Fire District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the Fire District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Revenues – Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. The taxes are generally collected in December, January and February of the fiscal year. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are received. If taxes were recorded when assessed the amount recorded would not be materially different from the amount in the financial statements.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various “due from” and “due to” accounts. These amounts are eliminated in the government-wide financial statements.

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

Property and Equipment

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$ 500. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Fire Trucks	15
Other Motor Vehicles	5
Equipment	5-10
Furniture, Office Equipment	5
Buildings and Improvements	40

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)
Long-Term Obligations

Long-term obligations are reported at face value.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Long Term Debt Account Group.

BUDGET PRACTICES

The budget practices of the fire district are prescribed by the Louisiana Local Government Budget Act. The act requires the district to have the budget completed and available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

The fire district prepares a budget for its fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was amended during the fiscal year.

Amendments to the budget must be approved by the board.

Appropriations which are not expended lapse at year end.

ENCUMBRANCES

Encumbrance accounting is not utilized by the fire district.

CASH AND INVESTMENTS
CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes demand deposits in banks. Investments consist primarily of time certificates of deposit. At June 30, 2004 the district had no certificates of deposit.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments.

State law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The market value of the demand deposits is equal to their cost.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

COMPENSATED ABSENCES

ANNUAL AND SICK LEAVE

Full time employees accumulate annual leave at a rate of 3.08 hours per pay day for the first five years of employment and at a rate of 4.62 hours thereafter. Full-time employees accumulate sick leave at a rate of 2.5 hours per pay day. (Pay days are bi-weekly.) The maximum accumulation is 377 hours for supervisory personnel and 277 hours for all other personnel. Once the maximum is met the employee is paid one hours pay for every two hours over maximum. The liability for leave privileges at June 30, 2004 is estimated to be \$30,752 which is recorded in the district's governmental fund.

COMPENSATORY LEAVE

Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2004 is estimated to be \$6,304 which is recorded in the district's governmental fund.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- Cash and Investments (Deposits)

CASH AND CASH EQUIVALENTS

The carrying amounts for cash and investments are as follows for the year ended June 30, 2004:

Noninterest-bearing demand deposits	\$ 146,674
Money market accounts	2,653,460
Certificates of deposits	<u>\$2,800,134</u>

At June 30, 2004, the carrying amount of the Fire District's cash and investments (time certificates of deposit) was \$2,800,134 and the bank balance was \$2,895,149. Cash and cash equivalents are stated at cost, which approximates market. The deposits at June 30, 2004 were secured as follows:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE B – Cash and Investments (Deposits) (continued)

	Cash Equivalents			Total
	Cash	Certificates of Deposits	Other (Describe)	
Carrying Amount on Balance Sheet	2,800,134	\$ -	\$	\$2,800,134
Bank Balances:				
a: Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	2,895,149	-		2,895,149
b: Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	-	-		
c: Uncollateralized, including any securities held for the entity but not in the entity's name	-			
TOTAL Bank Balances	<u>\$2,895,149</u>	<u>\$ -</u>	<u>\$</u>	<u>\$2,895,149</u>

There were no uncollateralized securities fitting the description in (c) above during the year.

NOTE C

CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

At June 30, 2004, the Fire District reported the following capital assets valued at historical cost. A summary of changes in capital assets is as follows:

The following changes occurred in the property and equipment account:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE C

CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance June 30 <u>2003</u>	Additions	Deletions	Balance June 30 <u>2004</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 152,019	\$ ---	\$ ---	\$ 152,019
<u>Capital Assets Being Depreciated:</u>				
Buildings and Improvements	\$ 610,248	\$ 43,070	\$ ---	\$ 653,318
Equipment	<u>2,984,120</u>	<u>675,389</u>	<u>---</u>	<u>3,659,509</u>
Total Capital Assets Being Depreciated	<u>\$ 3,594,368</u>	<u>718,459</u>	<u>---</u>	<u>\$ 4,312,827</u>
<u>Less Accumulated Depreciation For:</u>				
Buildings and Improvements	\$ 266,486	\$ 16,333	\$ ---	\$ 282,819
Equipment	<u>2,093,639</u>	<u>228,638</u>	<u>---</u>	<u>2,322,277</u>
Total Accumulated Depreciation	<u>2,360,125</u>	<u>244,971</u>	<u>---</u>	<u>2,605,096</u>
Total Capital Assets Being Depreciated, Net	<u>1,234,243</u>	<u>473,488</u>	<u>---</u>	<u>1,707,731</u>
Total Capital Assets, Net	<u>\$ 1,386,262</u>	<u>\$ 473,488</u>	<u>---</u>	<u>\$ 1,859,750</u>

Depreciation expense for the year ended June 30, 2004 was \$ 244,971.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE D - CONTRACTUAL AGREEMENTS

During the year the Fire District was party to an intergovernmental agreement with Ambulance Service District No. 1 of Lafourche Parish to provide communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Fire District at a fee of \$5,000 per quarter.

NOTE E - POST EMPLOYMENT BENEFITS

The Fire District has no Post Employment Benefits.

NOTE F - PER DIEM PAID BOARD MEMBERS

Per diem payments are presented on Schedule I. The per diem payments are authorized by Louisiana Revised Statute 40:1498A.

NOTE G - PENSION PLAN

During the year ended June 30, 2002 the district established a plan under Section 408(p) of the Internal Revenue Code. Employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year or who received at least \$5,000 in the previous calendar year are eligible to participate in the plan. Employees are 100% vested at the time of the contribution. The plan does not issue a stand-alone report.

SPECIFIC PROVISIONS

1. Employees are allowed to contribute an amount up to the lesser of \$8,000 or the employee's gross earnings.
2. The employer's matching contribution rate was three (3) percent of gross wages of participating employees.
3. (a) Matching contributions:
 - (i) For each calendar year, the Employer will contribute a matching contribution to each eligible employee's account equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
 - (ii) The employer may reduce the 3% limit for the calendar year in (i) only if:
 - (1) The limit is not reduced below 1%;
 - (2) The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and
 - (3) Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
NOTES TO FINANCIAL STATEMENTS

NOTE G - PENSION PLAN(continued)

SPECIFIC PROVISIONS

(b) Nonelective Contributions:

(i) For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the account of each eligible employee who has a least \$ 5,000 in compensation for the calendar year. No more than \$200,000 in compensation can be taken into account in determining the nonelective contribution for each eligible employee.

(ii) For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:

(1) Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution and

(2) This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year.

4. Other than its contribution made to the participants' accounts and recorded as expenditures, the district does not guarantee benefits under the plan.

5. All amounts are maintained in each individual's account administered by a brokerage firm.

6. Other regulations governing options such as premature withdrawals and chacontribution rates, etc. are specified in the original contract.

The total payroll for the year ended June 30, 2004 was \$367,871 of which \$284,500 was covered by the plan. The district's contribution was \$8,535(3% of covered payroll). Employee contributions to the plan amounted to \$15,314.

NOTE H-JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES

There are no lawsuits pending against the district.

NOTE I - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

NOTE I - CHANGE IN ACCOUNTING PRONOUNCEMENTS

For the year ended June 30, 2004 the District implemented the following GASB Statements:

- GASB Statement No. 37, "*Basic Financial Statements - and Management's Discussion and Analysis - State and Local Governments: Omnibus.*"
- GASB Statement No. 38, "*Certain Financial Statement Note Disclosures.*"
- GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*"

The implementation of these new pronouncements had no effect on the prior year's fund balances and net assets.

REQUIRED SUPPLEMENTARY SCHEDULE

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
SCHEDULE I**

For the year ended June 30, 2004

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Ad valorem taxes	\$1,745,000	\$1,745,000	\$1,982,282	\$ 237,282
Intergovernmental	63,500	63,500	106,272	42,772
Interest income	15,000	15,000	26,529	11,529
Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>21,307</u>	<u>(3,693)</u>
Total revenues	<u>1,848,500</u>	<u>1,848,500</u>	<u>2,136,390</u>	<u>287,890</u>
EXPENDITURES				
Public safety:				
Current:				
Salaries and related benefits	472,200	495,000	403,455	91,545
Professional services	39,000	39,000	4,550	34,450
Collection expense	52,000	52,000	61,490	(9,490)
Insurance	221,800	226,500	201,142	25,358
Dues and subscriptions	2,000	2,100	2,059	41
Repairs and maintenance	113,000	113,000	98,675	14,325
Supplies	30,500	30,500	32,940	(2,440)
Telephone	18,000	21,400	21,053	347
Travel and schooling	12,000	12,000	8,955	3,045
Utilities	50,000	50,000	35,197	14,803
Uniforms	19,000	19,000	12,193	6,807
Radio and contracts	24,000	24,000	13,312	10,688
Equipment – expendables and repair	15,000	15,000	16,262	(1,262)
Physicals	1,000	1,000	872	128
Fuel	15,000	15,000	7,923	7,077
Miscellaneous	84,000	13,000	23,875	(10,875)
Capital outlay	<u>680,000</u>	<u>720,000</u>	<u>718,459</u>	<u>1,541</u>
Total expenditures	<u>1,848,500</u>	<u>1,848,500</u>	<u>1,662,412</u>	<u>186,088</u>
Excess (deficiency) of revenues over expenditures	-	-	473,978	473,978
Fund balances - July 1	<u>2,437,639</u>	<u>2,437,639</u>	<u>2,437,639</u>	_____
Fund balances - June 30	<u>\$2,437,639</u>	<u>\$ 2,437,639</u>	<u>\$ 2,911,617</u>	<u>\$ 473,978</u>

See accompanying notes to financial statements.

OTHER SUPPLEMENTARY SCHEDULE

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH
SUPPLEMENTARY SCHEDULE
SCHEDULE II
PER DIEMS PAID COMMISSIONERS

For The Year Ended June 30, 2004

	<u>NUMBER OF MEETINGS</u>	<u>AMOUNT</u>
Kim Breaux	9	\$ 270
Ruel Douvillier	3	90
Laurence Mounic	9	270
Randy Richeaux	8	240
Julian Smith	5	150
Gene Griffin	<u>2</u>	<u>60</u>
Total	<u>36</u>	<u>\$ 1,080</u>

A PROFESSIONAL CORPORATION

P.O. Box 965

LAROSE, LA 70373

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

Board of Commissioners
Fire Protection District No. 3
of Lafourche Parish

I have audited the basic financial statements of the governmental activities, and each major fund of FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH, component unit of Lafourche Parish, as of and for the year ended June 30, 2004, which collectively comprise the Fire Protection District No. 3 of Lafourche Parish's basic financial statements and have issued my report thereon dated December 20, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH'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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH'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 I consider to be material weaknesses.

FIRE PROTECTION DISTRICT NO. 3
OF LAFOURCHE PARISH

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

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Aldon G. Wahl, Jr.
Certified Public Accountant

December 20, 2004

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION I SUMMARY OF AUDITOR'S RESULTS

A) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes x no
- Reportable condition(s) identified that are
not considered to be material weakness? ___yes x none reported

Noncompliance material to financial statements
Noted? ___yes x no

B) Federal Awards

No findings have been reported under this section.

SECTION II FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended June 30, 2004.

REPORTS BY MANAGEMENT

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
BASIC FINANCIAL STATEMENTS**

INTERNAL CONTROL

No material weaknesses were reported during the audit for the year ended June 30, 2003.

No reportable conditions were reported during the audit for the year ended June 30, 2003.

COMPLIANCE

No material weaknesses were reported during the audit for the year ended June 30, 2003.

No reportable conditions were reported during the audit for the year ended June 30, 2003.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

Fire Protection District No. 3 did not receive federal awards during the year ended June 30, 2003.

SECTION III MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended June 30, 2003.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2004

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
BASIC FINANCIAL STATEMENTS**

INTERNAL CONTROL

No material weaknesses were reported during the audit for the year ended June 30, 2004.

No reportable conditions were reported during the audit for the year ended June 30, 2004.

COMPLIANCE

No material weaknesses were reported during the audit for the year ended June 30, 2004.

No reportable conditions were reported during the audit for the year ended June 30, 2004.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

No findings have been reported under this section.

SECTION III MANAGEMENT LETTER

A management letter was not issued in connection with the audit for the year ended June 30, 2004.