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Washington Parish Fire District No. 7
Ben's Ford, Louisiana

Annual Financial Statements

As of and for the Year Then Ended December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-11-04

**WASHINGTON PARISH FIRE DISTRICT NO. 7
 BEN'S FORD, LOUISIANA
 Annual Financial Statements
 As of and for the Year Ended December 31, 2003
 With Supplemental Information Schedules**

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**WASHINGTON PARISH FIRE DISTRICT NO. 7
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Washington Parish Fire District No. 7
Ben's Ford, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Washington Parish Fire District No. 7, a component unit of the Washington Parish Council, Louisiana as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Washington Parish Fire District No. 7's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Washington Parish Fire District No. 7 as of December 31, 2003, 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 1 to the financial statements, the Washington Parish Fire District No. 7 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 January 1, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2004 on our consideration of the Washington Parish Fire District No. 7's internal control over financial reporting and our 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 our audit.

BRUCE HARRELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Accounting Corporation

Board of Commissioners

Washington Parish Fire District No. 7

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The Management's Discussion and Analysis and the other Required Supplemental Information on pages 7 through 14 and page 37, respectively, are not a required part of the basic financial statements, but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Washington Parish Fire District No. 7's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Washington Parish Fire District No. 7. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



Bruce Harrell & Company, CPAs

A Professional Accounting Corporation

June 26, 2004

Required Supplemental Information (Part I)
Management's Discussion and Analysis

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

The Management's Discussion and Analysis (MD&A) for the Washington Parish Fire District No. 7 is designed to:

1. assist the reader in focusing on significant financial issues,
2. provide an overview of the District's financial activities,
3. identify changes in the District's overall financial position and results of operations and assist the user in determining whether the financial position has improved or deteriorated as a result of the year's operations,
4. identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity, and
5. identify individual fund issues or concerns.

This is the first year that the District has presented its financial statements under the new reporting model required by the *Governmental Accounting Standards Board (GASB) Statement No. 34*. Because this new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD&A has not been included. The omission of this comparative information is unavoidable and unfortunately puts the reader in a less than desirable position. In preparing the information summarized below, we have tried to keep in mind this disadvantage by providing explanations of the major components of the government-wide financial statements, and when possible, the reasons for changes in significant financial statement categories.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A is required supplemental information that introduces the reader to the basic financial statements and provides an overview of the District's financial activities. The District's basic financial statements consist of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Other required supplemental information, including the required budgetary comparison schedule, is presented immediately following the notes to the financial statements. A general description of the components of the basic financial statements follows below, with a more detailed analysis of the government-wide statements included in a later section entitled Government-Wide Financial Analysis and for fund financial statements included in the Analysis of Fund Financial Statements section.

Government-Wide Financial Statements

The Government-Wide Financial Statements (see pages 16 through 17) are designed to present the financial operations of the District as a whole in a format similar to private sector companies. All governmental activities are consolidated into columns which add to a total for the governmental entity. The District has no business-type activities, so only governmental activities are included in the presentation. If the District determines that presentation of a component unit (which are other governmental units for which the District can exercise significant influence or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. The District has no component units.

The focus is on the government-wide (entity-wide) Statement of Net Assets and Statement of Activities to give the reader a broad overview of the District's financial position and results of operations.

- a. The Statement of Net Assets presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets (and changes in the components of net assets) may serve as a useful indicator of whether the financial position of the District is improving or weakening. Although the focus of this MD&A will be on the analysis of the overall changes to net assets, focusing on the changes in components of net assets does provide answers on how the District is managing its financial resources and an indication of allocation of financial resources in future years. A brief explanation of the components of net assets is presented below:
 - *Invested in Capital Assets, Net of Related Debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets.
 - *Restricted Net Assets* - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
 - *Unrestricted Net Assets* - This component of net assets consists of net assets that do not meet the definition of restricted net assets or invested in capital assets, net of related debt.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Management's Discussion and Analysis
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- b. The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function reduced by the program revenues directly related to each respective function to determine net costs of each function. The net costs of each function are normally covered by general revenues.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses one category of funds to account for financial transactions, governmental funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements (included on pages 19 through 23) provide a detailed short-term view of the District's general government 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 District's programs. The District's governmental funds for the fiscal year ending December 31, 2003 consist only of the general fund and the debt service fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. The governmental funds columns of the Fund Financial Statements require and include a reconciliation following the Balance Sheet (reconciliation on page 20) and the Statement of Revenues, Expenditures and Changes in Fund Balances (reconciliation on page 23).

Notes to the Financial Statements

The Notes to the Financial Statements, in particular "Note 1 - Summary of Significant Accounting Policies," present the changes in presentation and reporting required under the GASB 34 standard. When reviewing this MD&A, the reader should also refer to and review the Notes to the Financial Statements (beginning on page 25), as well as the Government-Wide and Fund Financial Statements (included on pages 16 through 23).

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Financial Highlights

- At December 31, 2003, Washington Parish Fire District No. 7 recorded total net assets (assets less liabilities) of \$1,112,529. The largest component of net assets was "Net assets invested in capital assets, net of related debt" at \$638,820, followed by "unrestricted net assets" of \$429,686.
- The most significant continuing revenue source was ad valorem taxes of \$367,867.
- During the fiscal year ending December 31, 2003, the District refunded \$515,000 of General Obligation Bonds, Series 1993, with funds for retirement of the bonds consisting of \$146,030 provided by the District and \$383,000 from issuance of General Obligation Refunding Bonds, Series 2003. The estimated savings from refunding the 1993 bond issue was \$74,805, with a projected reduction in annual debt service of \$20,874.

Government-Wide Financial Analysis

Statement of Net Assets

Included below is a condensed Statement of Net Assets for the District. The condensed format allows the reader to view the overall financial position of the District. Although information for comparison will not be available until the December 31, 2004 financial statements are completed, explanation of the components of this statement are included immediately following the table.

Condensed Statement of Net Assets - Governmental Activities

Assets	
Current and Other Assets	\$ 508,280
Capital Assets, Net	1,239,807
Total Assets	<u>1,748,087</u>
Liabilities	
Long-Term Liabilities	604,396
Current Liabilities	31,162
Total Liabilities	<u>635,558</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	638,820
Restricted for Debt Service	44,023
Unrestricted	429,686
Total Net Assets	<u>\$ 1,112,529</u>

See page 16 for a more detailed Statement of Net Assets for the District.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Government-Wide Review of Condensed Statement of Net Assets

The composition of net assets and the changes in net assets over time serves as a useful indicator of a government's financial position. The District's assets at fiscal year-end exceed liabilities by \$1,112,529 (net assets). Of the District's net assets, \$44,023 are Restricted Net Assets consisting of cash funds for debt service. The balance of net assets includes \$638,820 Invested in Capital Assets, Net of Related Debt, and \$429,686 in Unrestricted Net Assets.

The largest category of net assets is Invested in Capital Assets, Net of Related Debt, totaling \$638,820, or 57.42% of net assets. This category reflects the total invested in capital assets (land, buildings, equipment, etc.) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent assets available for future spending.

The second largest category of net assets is Unrestricted totaling \$429,686 or 38.62% of net assets. These assets are available to meet the ongoing needs of the District.

At the end of the current fiscal year, the District was able to report positive balances in all categories of net assets, for the government as a whole, as well as for separate governmental activities.

Statement of Activities

Because of the size and relative simplicity of the District's operations and since the expenditures are included within the primary functional category of "Public Safety", a separate Condensed Statement of Activities for the District is not presented below. The reader should refer to the Statement of Activities (Statement B) included on page 17.

Significant categories of the Statement of Activities are as noted below:

- . Ad valorem taxes are the primary source of revenue and total \$367,867 for the fiscal year ending December 31, 2003, at 84.06% of total revenue. The next largest revenue source is state revenue sharing at \$42,396 (9.69% of total revenue).
- . The major expenditure within the statement of activities is for "salaries, taxes, and retirement" at \$126,530 (34.56% of total expenditures), followed by depreciation expense at \$81,965 (22.39%).

Analysis of Fund Financial Statements

The District's Governmental Funds include, and are presented within the following fund financial statements:

	<u>Statement</u>	<u>Page</u>
Balance Sheet	C	19
Statement of Revenues, Expenditures, and changes in Fund Balance	E	21

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**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Governmental Funds

Under the modified accrual basis for Fund Financial Statements, the emphasis is on accounting for current financial resources of the District. The analysis in this section will include a discussion of the components of the Fund Financial Statements, and will also concentrate on differences between the previously discussed Government-Wide Financial Statements.

At December 31, 2003, the District's Governmental Funds reported in Statement C, Balance Sheet, combined Fund Balances of \$471,485, with \$85,929 recorded as reserved for debt service and \$385,556 recorded as unreserved. Assets are identical to the Government-Wide presentation, except for capital assets of \$1,239,807, which are presented only in the Government-Wide presentation. Liabilities are identical to the Government-Wide presentation, except for accrued vacation payable of \$3,409, and long-term debt of \$600,987 which are presented only in the Government-Wide presentation.

For the fiscal year ended December 31, 2003, the District reported in Statement E, Statement of Revenues, Expenditures, and Changes in Fund Balances, a Net Change in Fund Balance of (\$110,112). The net change was negative primarily because of \$146,030 provided by the District to refund the Series 1993 General Obligation bonds. Revenues are identical to the Government-Wide presentation. Expenditures are identical to the Government-Wide presentation, except for depreciation expense of \$81,965, presented only in the Government-Wide presentation, and capital expenditures of \$192,082 and a debt-service principal payments and refunding of \$215,297, which are only presented in the Governmental Funds presentation and are eliminated from the Government-Wide presentation.

Required Supplemental Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplemental Information. For the District, this Required Supplemental Information includes the District's general fund only and is included in Schedule 1, Schedule of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual, General Fund, which can be found on page 37. The presentation under the GASB 34 standard requires disclosure of *both the original and the final budget*. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Analysis of Significant Budget Variations in the Major Governmental Funds

The District's Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund is presented as Schedule 1 on page 37 as required supplementary information. There were no significant variances between the original budget and the amended budget, other than an increase of \$31,219 in budgeted expenditures. However, for the amended budget, the District had a \$139,519 negative variance in expenditures and other financing uses from the amended budget (47.78%), but actual revenues and other financing sources exceeded the amended budget by \$162,966. The variance was due to a final accounting adjustment recording expenditures and corresponding revenues of \$145,987 for a capital lease. The District has stated that they will amend future budgets as capital leases are executed. In addition, the original budget for the year ending December 31, 2003, was adopted at the District's January 13, 2003, regular meeting. The budget was amended at the District's regular meeting December 8, 2003.

Capital Assets and Long-Term Debt

Capital Assets

Historically, a government's assets, other than those for enterprise funds (similar to a private business enterprise) have not been reported nor depreciated in governmental financial statements. Beginning with the current fiscal year, this new statement requires these assets be valued and reported within the Governmental Activities column of the Government-Wide Financial Statements.

The presentation below for the current fiscal year lists the major categories of capital assets for governmental activities, and is followed by analysis of the respective changes in capital assets. As noted, this is the first year that the District has presented financial statements under the GASB Statement No. 34 standard, and comparative information for the prior fiscal year will be presented for the fiscal year ending December 31, 2004.

Capital Assets at Year End - Governmental Activities

Land	\$ 23,000
Fire House	980,179
Fire Trucks	576,192
Fire Equipment	232,995
Office Equipment	12,892
Other Equipment	25,008
Subtotal	<u>1,850,266</u>
Less Accumulated Depreciation	610,459
Capital Assets, Net	<u><u>\$ 1,239,807</u></u>

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

The following reconciliation summarizes the changes in capital assets:

Capital Assets at Year End - Governmental Activities

Beginning Balance	\$ 1,658,185
Plus Additions	192,081
Less Deletions	-
Less Accumulated Depreciation	610,459
Ending Balance	\$ 1,239,807

For the fiscal year ending December 31, 2003 capital additions consisted primarily of a fire truck purchased for \$185,987 and fire equipment and other equipment purchases of \$6,094.

Long-Term Debt

	Balance 1/1/03	Additions	Deductions	Balance 12/31/03	Due Within One Year
Bonds, Series 1993	\$ 550,000	\$ -	\$ 550,000	\$ -	\$ -
Bonds, Series 2003	-	383,000	-	383,000	31,000
Cert of Indebt. 1997	105,000	-	33,000	72,000	35,000
Capital Leases	15,293	145,987	15,293	145,987	35,370
Total	\$ 670,293	\$ 528,987	\$ 598,293	\$ 600,987	\$ 101,370

The General Obligation Bonds, Series 1993, were refunded during the fiscal year ending December 31, 2003. Funds of the District and bond proceeds from the General Obligation Refunding Bonds, Series 2003, were used to redeem the bonds, as detailed in *Note 12 - Long-Term Debt Obligations*.

Economic Factors

The Washington Parish Fire District No.7's management approach is conservative. The Board of Commissioners actively monitor revenues and expenses and evaluates the costs of proposed expansion projects. The District is in the process of completing a maintenance building. The District is planning to purchase an emergency vehicle, known as pumper, with a 500 gallon water tank. The District is also planning to replace the current weather station with a new station and to reconfigure the communication system within the fire houses. The District estimated a total cost of all the projects at about \$130,000.

Requests for Information

This financial report is designed to provide a general overview of Washington Parish Fire District No. 7's finances and to demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at 17380 Bill Booty Road, Bogalusa, LA 70427 (Phone 985 732-5201).

Basic Financial Statements
Government-Wide Financial Statements

STATEMENT A

WASHINGTON PARISH FIRE DISTRICT NO. 7
 BEN'S FORD, LOUISIANA
 Statement of Net Assets
 December 31, 2003

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 92,053
Cash - restricted	866
Certificate of deposit - restricted	8,216
Investments	50,000
Receivables	345,234
Prepaid insurance	6,278
Unamortized bond issue costs	5,633
Capital assets	
Land	23,000
<i>Building, trucks, and equipment</i>	1,827,266
Less accumulated depreciation	(610,459)
Capital assets , net	<u>1,239,807</u>
Total Assets	<u>1,748,087</u>
Liabilities	
Accounts payable	6,687
Payroll taxes payable	1,000
Retirement contributions payable	1,714
Pension deductions from advalorem taxes	12,679
Deferred revenue - protested taxes	9,082
Accrued vacation payable	3,409
Long-term debt due in one year	101,370
Long-term debt due more than one year	499,617
Total Liabilities	<u>635,558</u>
Net Assets	
Invested in capital assets, net of related debt	638,820
Restricted for debt service	44,023
Unrestricted	429,686
Total Net Assets	<u>\$ 1,112,529</u>

The accompanying notes are an integral part of these statements.

STATEMENT B

WASHINGTON PARISH FIRE DISTRICT NO.7
BEN'S FORD, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2003

Program Expenses**Public Safety:**

Salaries, taxes, retirement	\$ 126,530
Health, worker compensation insurance	25,581
Fuel, gas, and oil	3,519
Dues and subscriptions	653
Travel	716
Repairs and maintenance	17,543
Supplies	17,632
Depreciation expense	81,965
Insurance expense	14,095
Legal and accounting	7,272
Utilities	16,870
Office expense	3,169
Communication expense	1,728
Training expense	4,500
Uniform	1,000
Administrative expense	972
Deductions for pensions	12,679
Other	196
Bond amortization expense	580
Interest expense	28,866
Total Program Expenses	<u>366,066</u>

General Revenues

Ad valorem taxes	367,867
State revenue sharing	42,396
Insurance rebate	14,228
Interest earned	1,524
Office of Emerg Prep-Reimbursement	11,379
Other revenues	211
Total Program Revenues	<u>437,605</u>

Change in Net Assets 71,539

Net assets, beginning of year 724,695

Prior period adjustment (Note 16) 316,295

Net assets, end of year \$ 1,112,529

The accompanying notes are an integral part of these statements.

Basic Financial Statements
Fund Financial Statements
Governmental Fund Financial Statements

STATEMENT C

WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2003

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 48,030	\$ 44,023	\$ 92,053
Investments	50,000	-	50,000
Receivables	292,766	52,468	345,234
Prepaid Insurance	6,278	-	6,278
Due from other funds	8,731	-	8,731
Restricted Assets:			
Cash-taxes paid under protest	659	207	866
CDs-taxes paid under protest	7,000	1,216	8,216
Total Assets	<u>\$ 413,464</u>	<u>\$ 97,914</u>	<u>\$ 511,378</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 6,687	\$ -	\$ 6,687
Payroll taxes payable	1,000	-	1,000
Retirement contributions payable	1,714	-	1,714
Pension deductions from advalorem taxes	10,848	1,831	12,679
Deferred revenue - protested taxes	7,659	1,423	9,082
Due to other funds	-	8,731	8,731
Total Liabilities	<u>27,908</u>	<u>11,985</u>	<u>39,893</u>
Fund Balance:			
Reserved for debt service	-	85,929	85,929
Fund balance - unreserved	385,556	-	385,556
Total Fund Balance	<u>385,556</u>	<u>85,929</u>	<u>471,485</u>
 Total Liabilities and Fund Balances	 <u>\$ 413,464</u>	 <u>\$ 97,914</u>	 <u>\$ 511,378</u>

The accompanying notes are an integral part of these statements.

STATEMENT D

WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
December 31, 2003

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	471,485
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets net of depreciation		1,239,807
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long-term liabilities		(600,987)
Compensated absences payable represents a long-term liability and is presented in the statement of net assets only		
Compensated absences payable		(3,409)
Bond issue costs are reported as a current year expenditure in governmental fund, but the bond issue cost is presented as an asset in the statement of net assets and amortized over the life of the related bond.		
Bond issue cost, net of accumulated amortization		<u>5,633</u>
Net Assets of Governmental Activities (Statement A)	\$	<u><u>1,112,529</u></u>

The accompanying notes are an integral part of these statements.

STATEMENT E

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2003

	General	Debt Service	Total
Revenues			
Ad valorem taxes	\$ 310,474	\$ 57,393	\$ 367,867
State revenue sharing	42,396	-	42,396
Insurance rebate	14,228	-	14,228
Interest earned	1,069	455	1,524
Office of Emerg Prep-Reimbursement	11,379	-	11,379
Other revenues	211	-	211
Total Revenues	<u>379,757</u>	<u>57,848</u>	<u>437,605</u>
Expenditures			
Salaries, taxes, retirement	123,121	-	123,121
Health, worker compensation insurance	25,581	-	25,581
Fuel, gas, and oil	3,519	-	3,519
Dues and subscription	653	-	653
Travel	716	-	716
Repairs and maintenance	17,543	-	17,543
Supplies	17,632	-	17,632
Capital outlay	192,082	-	192,082
Insurance	14,095	-	14,095
Legal and accounting	7,272	-	7,272
Utilities	16,870	-	16,870
Office	3,169	-	3,169
Communication	1,728	-	1,728
Training	4,500	-	4,500
Uniform	1,000	-	1,000
Administrative	972	-	972
Deductions for pensions	10,848	1,831	12,679
Debt service:			-
Principal retirement	-	215,297	215,297
Interest	-	28,866	28,866
Bond issue costs	-	6,213	6,213
Other	196	-	196
Total expenditures	<u>441,497</u>	<u>252,207</u>	<u>693,704</u>
Excess of revenues over (under) expenditures	<u>(61,740)</u>	<u>(194,359)</u>	<u>(256,099)</u>

The accompanying notes are an integral part of these statements.

STATEMENT E

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2003

	General	Debt Service	Total
Other financing sources (uses):			
Proceeds from capital lease	\$ 145,987	\$ -	\$ 145,987
Proceeds from refunded bonds	-	383,000	383,000
Payments to escrow for refunded bonds	-	(383,000)	(383,000)
Transfers (to) from other funds	(44,804)	44,804	-
Total other financing sources (uses)	<u>101,183</u>	<u>44,804</u>	<u>145,987</u>
Net change in fund balance	39,443	(149,555)	(110,112)
Fund balance, beginning of year:			
As previously reported	78,213	187,089	265,302
Prior period adjustment (Note 16)	267,900	48,395	316,295
	<u>267,900</u>	<u>48,395</u>	<u>316,295</u>
Fund balance, end of year	<u>\$ 385,556</u>	<u>\$ 85,929</u>	<u>\$ 471,485</u>

The accompanying notes are an integral part of these statements.

STATEMENT F

WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
December 31, 2003

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ (110,112)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 192,082	
Less current year depreciation	<u>(81,965)</u>	110,117

Repayment of capital lease and long-term debt principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net assets

Principal payments - capital leases	15,297	
Principal payments - long-term debt	68,000	
Principal payments - long-term debt refunding	<u>132,000</u>	215,297

Capital leases provide current financial resources in governmental funds, but these capital leases increase long-term liabilities in the statement of net assets

Capital lease proceeds		(145,987)
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The governmental fund reports bond issue cost as an expenditure; whereas the statement of activities reports the bond issue cost as an asset, net of amortization expense

Less bond issue cost to be amortized		5,633
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Compensated absences payable is recorded as an expense on statement of activities

Accrued vacation payable		<u>(3,409)</u>
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Change in net assets of governmental activities, Statement B	\$	<u><u>71,539</u></u>
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The accompanying notes are an integral part of these statements.

Basic Financial Statements

Notes to the Financial Statements

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Introduction

The 1991 Louisiana Legislature, pursuant to Louisiana Revised statute 40:1496.12 F, created the Washington Parish Fire Protection District Seven. Enabling legislation states that the District shall constitute a public corporation and as such shall have all the powers of public corporations, including perpetual existence and the right and power to incur debt and contract obligations, to sue and be sued, and to have a corporate seal. The District shall also be authorized to do and perform all acts in its corporate capacity and in its name, necessary and proper, for the purposes of acquiring, maintaining and operating buildings, machinery, equipment, water tank, water hydrants, water lines, and such other things as might be necessary or proper for effective fire prevention and control as considered necessary by the parish governing body of the District for the protection of the property within the limits of the District against fire.

The governing body of the parish shall appoint an eight member board that shall perform all duties, functions, and powers responsible for the operation and maintenance of the District. All funds of the District shall be administered by the board. The board of commissioner members may be paid a per diem of fifty dollars for attending meetings of the board, and may be reimbursed any expenses incurred in performing the duties imposed upon them.

The District covers 125 square miles in the southeastern corner of Washington Parish, outside of the city limits of Bogalusa, Louisiana. It serves approximately 5,479 people and businesses located within the boundaries of the District. The District operates out of six fire stations which are located as follows: Station number 1 is located in the Isabel community; station number 2, the Central Station, is located in the Ben's Ford community; station number 3 is located in Rio; station 4, located on Highway 10 just west of Bogalusa; station 5, located on Highway 439 at Lee Road; and station 6, substantially complete, is located on Highway 21. The District employs a full-time fire chief, four full-time firefighters and a part-time clerk, but mainly operates with a volunteer staff of firefighters.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, Washington Parish Fire District No. 7 is considered a component unit of the Washington Parish Council.

Note 1 - Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental activities of Washington Parish Fire District No. 7. The effect of interfund activity has been removed from these statements. The District does not have any business-type activities and reports only governmental activities. Governmental activities are supported by ad valorem tax collections dedicated for support of fire protection activities and projects.

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. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District reports only general revenues.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "Major" funds. Fund statements present in separate columns the General Fund, followed by Major funds, with Nonmajor funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of Major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a Major fund. All of the District's funds are governmental funds and were determined to be Major funds.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest on cash deposits is recorded as earned. All other revenue items are considered to be measurable and available only when cash is received by the government.

Washington Parish Fire District No. 7 reports the following governmental funds:

General Fund

The general fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund

The debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

Capital Projects Fund

The capital projects fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. For the fiscal year ending December 31, 2003, the District did not have a capital projects fund.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. The District reported only general revenues consisting of ad valorem taxes, state revenue sharing, fire insurance rebates, interest income, and miscellaneous income not restricted for specific purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Deposits and Investments

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

D. Receivables and Payables

Activity 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

E. Inventories and Prepaid Items

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes are classified as restricted assets because their use is limited to specified expenditures.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns 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. Washington Parish Fire District No. 7 maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Fire Stations	40 Years
Fire Trucks and Other Trucks	5 - 20 Years
Equipment, Furniture and Fixtures	3 - 10 Years

H. Compensated Absences

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

Vacation Leave - The fire chief earns fifteen days for each year worked which may accumulate up to sixty days. Compensated firefighter employees earn five days per year and may accumulate up to sixty days.

Sick Leave - The fire chief and any paid firefighter are given one day per month and may accumulate with no limitation, however, the employee is not paid accumulated sick leave upon termination.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. Leave privileges are recorded as either a short-term or long-term liability in the government-wide statements, depending on when the leave will be taken.

I. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

L. Estimates

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

Note 2 - Levied Taxes

On July 20, 2002, the voters of the District renewed the ad valorem tax proposition previously adopted in May 1993. The tax proposition was a 13-mill tax for the purpose of acquiring, constructing, improving, maintaining and/or operating fire protection facilities and equipment in and for the District for a period of 10 years beginning 2002. For the period covered by these financial statements, the mileage was set at 12.27 mills.

On April 3, 1993, the voters of the District passed a 4-mill property tax for the purpose of servicing the debt on general obligation bonds in the amount of \$800,000. The tax is to run 20 years, and the funds are for the purpose of acquiring, constructing and improving fire protection facilities and equipment, including fire trucks, for the District. For the period covered by these financial statements, the mileage was set at 4 mills.

On July 3, 1996, the District offered a tax proposition and the voters passed a 5 mill tax for the purpose of acquiring, constructing, improving, maintaining and/or operating fire protection facilities and equipment in and for the District, including the cost of obtaining water for fire protection purposes and paying charges for fire hydrant rentals and service. The tax is for a period of 10 years beginning with the year 1996. For the period covered by these financial statements, the mileage was set at 5 mills.

May 1, 1999, voters of the District approved a 10 year, 5 mill property tax for acquiring, constructing, improving, maintaining and or operating works of public improvement for fire protection purposes of the District, beginning with the year 1999. For the period covered by these financial statements, the mileage was set at 5 mills.

Assessed millages for the year 2003 were as follows:

2003 assessed value of taxable property	\$ 14,226,980
12.27 mill tax (less pension deduction)	\$ 172,488
5.00 mill tax (less pension deduction)	\$ 70,781

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

5.00 mill tax (less pension deduction)	\$	70,781
4.00 mill tax (less pension deduction)	\$	56,904

Note 3 - Stewardship, Compliance, and Accountability

Budget Information

The District does not have a formal policy on adopting a budget. The budget for year ending December 31, 2003, was adopted at the District's January 13, 2003, regular meeting. The budget was amended at the District's regular meeting December 8, 2003. All appropriations lapse at year-end. Louisiana Revised Statute 39:1303 requires that "...all action necessary to adopt and otherwise finalize and implement the budget for an ensuing fiscal year shall be taken in an open meeting and completed prior to the end of the fiscal year in progress..."

The District had a \$139,519 negative variance in expenditures and other financing uses from the amended budget (47.78%), but actual revenues and other financing sources exceeded the amended budget by \$162,966. The variance was due to a final accounting adjustment recording expenditures and corresponding revenues of \$145,987 for a capital lease. The District has stated that they will amend future budgets as capital leases are executed.

Note 4 - Cash and Cash Equivalents

At December 31, 2003, the District has cash and cash equivalents (book balances) totaling \$92,919 as follows:

Demand deposits	\$	-
Time deposits		92,919
Total	\$	<u>92,919</u>

These deposits are stated at cost, which approximates fair value. 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 December 31, 2003, the District has \$161,107 in deposits (collected bank balances, including certificates of deposits classified as investments). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$61,107 of pledged securities held by the custodial bank in the name of the fiscal agent (Category 3)

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

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Note 5 - Investments

At December 31, 2003, the District had \$58,216 in investments, consisting of certificates of deposits. These certificates of deposit vary in maturity from 1 month to 6 months and bear interest at rates varying from 1.5% to 1.4%. The certificates of deposit are held by the same financial institution the District uses for its checking accounts and are included in the collected bank balances listed in note 4 regarding pledged collateral.

Note 6 - Receivables

Activity 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year.

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Ad Valorem Taxes	\$ 292,766	\$ 52,468	\$ 345,234
Due from/to Other Funds	8,731	(8,731)	-
	<u>\$ 301,497</u>	<u>\$ 43,737</u>	<u>\$ 345,234</u>

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Note 7 - Capital Assets

Capital assets and depreciation for governmental activities as of and for the year ended December 31, 2003:

	<u>Balance 12/31/02</u>	<u>Increases</u>	<u>Decreases/ Reclass/ Corrections</u>	<u>Balance 12/31/03</u>
Capital Assets Not Depreciated:				
Land	\$ 23,000	\$ -	\$ -	\$ 23,000
Total	<u>23,000</u>	<u>-</u>	<u>-</u>	<u>23,000</u>
Capital Assets Depreciated:				
Fire House	573,380	-	2,812	576,192
Fire Trucks	794,192	185,987	-	980,179
Fire Equipment	198,739	2,095	32,161	232,995
Office Equipment	32,383	-	(19,491)	12,892
Other Equipment	28,194	4,000	(7,186)	25,008
Total	<u>1,626,888</u>	<u>192,082</u>	<u>8,296</u>	<u>1,827,266</u>
Less Accumulated Depreciation	528,494	81,965	-	610,459
Net Capital Assets	<u>\$ 1,121,394</u>	<u>\$ 110,117</u>	<u>\$ 8,296</u>	<u>\$ 1,239,807</u>

Depreciation expense of \$81,965 for the fiscal year ended December 31, 2003 was charged to the "Public Safety" function.

Note 8 - Accounts, Salaries, and Other Payables

The payables at December 31, 2003 were as follows:

Accounts Payable	\$ 6,687
Deferred Revenue - Protested Taxes	9,082
Other Payables	2,714
Pension Deductions From Ad Valorem Tax	12,679
	<u>\$ 31,162</u>

Note 9 - Pension Funds

Plan description

Substantially all paid full-time firefighters of the District are members of the Louisiana Firefighters Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection District that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual financial report, which is available to the public, 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, Baton Rouge, LA 70804, or by calling (225) 925-4060.

Funding Policy

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The rate for the period has fluctuated from 8.5% to high of 21%. Presently, there is a law suit to determine the correct rate. The calculation of the contribution is based on the applicable percentage times each months covered payroll. The contribution requirements, of the District, are established and may be amended by state statute, as provided by actuarial valuation and are subject to change each year based on results of the valuation for the prior fiscal year. The District recorded \$18,146 in retirement contributions for the fiscal year ending December 31, 2003.

Note 10 - Compensated Absences

At December 31, 2003, employees of the District have accumulated and vested \$3,409 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded within the government-wide statement of net assets.

Note 11 - Short-Term Debt

The District had no short-term debt outstanding at December 31, 2003, and had no short-term debt activity during the year then ended other than that noted in *Note 12 - Long-Term Obligations*.

Note 12 - Long-Term Obligations

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

	<u>Balance 1/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/03</u>	<u>Due Within One Year</u>
Bonds, Series 1993	\$ 550,000	\$ -	\$ 550,000	\$ -	\$ -
Bonds, Series 2003	-	383,000	-	383,000	31,000
Cert of Indebt, 1997	105,000	-	33,000	72,000	35,000
Capital Leases	15,293	145,987	15,293	145,987	35,370
Total	<u>\$ 670,293</u>	<u>\$ 528,987</u>	<u>\$ 598,293</u>	<u>\$ 600,987</u>	<u>\$ 101,370</u>

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

General long term obligations are comprised of the following issues:

On June 5, 1997, the District issued certificates of indebtedness to Parish National Bank in the amount of \$250,000 for the purpose of constructing a central fire station and three other buildings. These bonds will be repaid using funds received from the five mill ad valorem tax that was passed by the voters in 1996.

On March 1, 2003 the District refunded the General Obligation Bonds Series 1993, totaling \$515,000. Prior to the refunding of the 1993 bonds, the District had paid \$35,000 for a scheduled principal payment and \$875 in interest payments for the 1993 bonds. Defeasance and call for redemption of \$515,000 of the issuer's General Obligation Bonds, Series 1993, consisting of bonds of that issue which mature March 1, 2004 to March 1, 2013, inclusive, which are being refunded by the Bonds and other moneys available to the Issuer, as more fully described in schedule below, are called for redemption on March 1, 2003, at principal amount of each bond so redeemed, together with accrued interest to call date, in compliance with the resolution authorizing their issuance.

A special and irrevocable escrow fund was created and established with the Escrow Agent. A fund designated as the "Washington Parish Fire Protection District No. 7, State of Louisiana, Escrow Fund". Funds in the amount of \$383,000 of Bond proceeds and \$146,030 of existing funds of the Issuer was deposited with the Escrow Agent who will apply the said moneys as follows:

\$	515,000	to pay principal of Refunded Bonds called March 1, 2003
	14,030	to pay interest due on the Refunded Bonds on March 1, 2003
	\$ 529,030	total necessary to defease the Refunded Bonds.

In addition to the above costs, the District paid \$6,213 in bond issue costs.

The redemption price will be due and payable on each Refunded Bond on the redemption date (March 1, 2003). On and after March 1, 2003, no further interest will accrue and be payable on the Refunded Bonds. The Refunded Bonds should not be surrendered for payment until March 1, 2003 and then at Bank One Trust Company.

The General Obligations Refunding Bonds, Series 2003 were issued in the amount of \$383,000 with interest at the rate of 3.79% per annum, maturing on March 13, 2013. Per Schedule 1 of the Series 2003 bond documents, a net savings of \$74,805 is projected, with the present value of net savings at \$36,528. The average annual debt service reduction is projected at \$20,874.

On September 26, 2003, the District entered into a capital lease with Leasing 2, Inc., for the purchase of 2004 Sterling Acterra – Ferrara top-mount pumper. The agreement requires four annual payments, due July 1 each year, in the amount of \$39,790.26. The interest rate is fixed for the four year period at 3.980%. The District shall have title to the property during the term of the agreement, except upon an event of default, in which all title, right and/or interest immediately return to the lessor. The agreement contains a "non-appropriation" clause, allowing the District to terminate the lease at the end of any fiscal year for which appropriations for funds for lease payments for the succeeding year cannot be obtained.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

The annual requirements to amortize all certificates outstanding at December 31, 2003, including interest of \$95,952 are as follows:

Year Ending	Gen Oblig Bds, Series 2003	Cert of Indebt, Series 1997	Capital Lease	Totals
2004	\$ 44,928	\$ 38,216	\$ 39,790	\$ 122,934
2005	43,753	38,091	39,790	121,634
2006	46,503	-	39,790	86,293
2007	45,176	-	39,790	84,966
2008	45,812	-	-	45,812
2009-2013	235,300	-	-	235,300
	<u>\$ 461,472</u>	<u>\$ 76,307</u>	<u>\$ 159,160</u>	<u>\$ 696,939</u>

Note 13 - Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2003:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ -	\$ 44,804
Debt Service Fund	44,804	-
	<u>\$ 44,804</u>	<u>\$ 44,804</u>

The reason for the interfund transfers is to fund debt service requirements.

Note 14 - Related Party Transactions

There were no related party transactions requiring disclosure in the financial statements.

Note 15 - Litigation and Claims

At December 31, 2003, the District was not involved in any outstanding litigation or claims.

Note 16 - Prior Period Adjustment

Prior period adjustments were made in the General Fund and the Debt Service Fund to correct the beginning net assets balance. The adjustment involved a change in accounting principle applying the 60-day rule for recording ad valorem taxes. The correction to the beginning net assets balance is as follows:

	Date	General Fund	Debt Service Fund
Net Assets Balance, Before Prior Period Adjustment	12/31/02	\$ 78,213	\$ 187,089
Prior Period Adjustment:			
Correcting Ad Valorem Taxes	12/31/02	267,900	\$ 48,395
Net Assets Balance, After Prior Period Adjustment	12/31/02	<u>\$ 346,113</u>	<u>\$ 235,484</u>

Required Supplemental Information (Part II)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund

SCHEDULE 1

WASHINGTON PARISH FIRE PROTECTION DISTRICT #7
BEN'S FORD, LOUISIANA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2003

	Original Budget	Final Budget	Actual Amounts GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
Revenues				
Ad valorem taxes	\$ 305,323	\$ 293,268	\$ 310,474	\$ 17,206
State revenue sharing	42,396	42,396	42,396	-
Insurance rebate	14,228	14,228	14,228	-
Interest earned	1,200	716	1,069	353
Other revenue	9,200	12,170	11,590	(580)
Total Revenues	<u>372,347</u>	<u>362,778</u>	<u>379,757</u>	<u>16,979</u>
Expenditures				
Salaries, taxes, retirement	122,000	123,138	123,121	17
Health, worker compensation insurance	26,200	25,462	25,581	(119)
Fuel, gas, and oil	8,000	4,022	3,519	503
Dues and subscription	700	653	653	-
Travel	2,800	700	716	(16)
Repairs and maintenance	23,900	11,832	17,543	(5,711)
Supplies	17,000	18,000	17,632	368
Capital outlay	58,257	52,054	192,082	(140,028)
Insurance expense	20,207	19,555	14,095	5,460
Legal and accounting	7,500	7,272	7,272	-
Utilities	18,000	17,200	16,870	330
Office expense	5,025	3,524	3,169	355
Communication expense	5,000	1,800	1,728	72
Training expense	4,500	4,500	4,500	-
Uniform	1,000	1,000	1,000	-
Administrative expense	-	-	972	(972)
Deductions for pensions	-	-	10,848	(10,848)
Other	3,075	1,233	196	1,037
Total expenditures	<u>323,164</u>	<u>291,945</u>	<u>441,497</u>	<u>(149,552)</u>
Excess of revenues over (under) expenditures	49,183	70,833	(61,740)	(132,573)
Other financing sources (uses)				
Proceed from capital lease	-	-	145,987	145,987
Proceeds from refunded bonds	-	-	383,000	383,000
Payments to escrow for refunded bonds	-	-	(383,000)	(383,000)
Transfer (to) from other funds	(54,837)	(54,837)	(44,804)	10,033
Total other financing sources (uses)	<u>(54,837)</u>	<u>(54,837)</u>	<u>101,183</u>	<u>156,020</u>
Net change in fund balance	(5,654)	15,996	39,443	23,447
Fund balance, beginning of year				
As previously reported	78,213	78,213	78,213	-
Prior period adjustment (Note 16)	-	-	267,900	267,900
Fund balance, end of year	<u>\$ 72,559</u>	<u>\$ 94,209</u>	<u>\$ 385,556</u>	<u>\$ 291,347</u>

Other Supplemental Information

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

SCHEDULE 2

**Schedule of Board Members
For the Year Ended December 31, 2003**

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members were not paid compensation in any form.

	Term
Tom Mitchell, President 17029 Ben's Ford Rd. Bogalusa, LA 70427 (985) 735-8090	12/31/04
Sid Warner, Jr., Vice-President 17329 Carroll Rd. Bogalusa, LA 70427 (985) 732-3937	12/31/08
Janice S. Bedwell, Board Member 14253 Wardline Road Bogalusa, LA 70427 (985) 732-5121	12/31/08
Walter Boyd, Board Member 60017 Hwy. 60 Bogalusa, LA 70427 (985) 732-9738	12/31/08
Eddie Keller, Board Member 16262 Jessie Mizell Rd. Bogalusa, LA 70427 (985) 732-9742	12/31/04
Jabus Pittman, Board Member 17556 Hwy 439 Bogalusa, LA 70427 (985) 732-8752	12/31/05
Earl Reese, Board Member 209 Paul's Lane Bogalusa, LA 70427 (985) 732-8793	12/31/05
Clara Voth 12520 S. Choctaw Rd. Bogalusa, LA 70427 (985) 732-1794	12/31/05

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

SCHEDULE 3

**Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2003**

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 2001-12

Fiscal Year Finding Initially Occurred: Ending December 31, 2001

Description of Finding:

It was noted that there is a lack of segregation of duties regarding cash transactions.

The response of management is that the board will continue to monitor cash transactions. In addition, cash receipts are first received by the fire chief and turned over to the secretary/accountant for processing.

Corrective Action Taken: Partial

Description of Partial Corrective Action Taken:

Correction action taken will continue to be listed as "Partial" since there is a limited number of employees to assign responsibility for recording and processing cash transactions.

Section II - Internal Control and Compliance Material to Federal Awards

This section does not apply.

Section III - Management Letter

No Section III Findings.

**WASHINGTON PARISH FIRE DISTRICT NO. 7
BEN'S FORD, LOUISIANA**

SCHEDULE 4

**Corrective Action Plan for
Current Year Audit Findings
For the Year Ended December 31, 2003**

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 2003-01

Description of Finding:

We noted that the budget for year ending December 31, 2003, was adopted at the District's January 13, 2003, regular meeting. The budget was amended at the District's regular meeting December 8, 2003. Louisiana Revised Statute 39:1303 requires that "...all action necessary to adopt and otherwise finalize and implement the budget for an ensuing fiscal year shall be taken in an open meeting and completed prior to the end of the fiscal year in progress..."

In addition, the District had a \$139,519 negative variance in expenditures and other financing uses from the amended budget (47.78%), but actual revenues and other financing sources exceeded the amended budget by \$162,966. The variance was due to a final accounting adjustment recording expenditures and corresponding revenues of \$145,987 for a capital lease.

Corrective Action Planned:

The District has amended its procedures and adopted the budget for year 2004 prior to the end of the fiscal year ending December 31, 2003. In the future, the board will also amend its budget as capital leases are approved.

Name of Contact Person:

Tom Mitchell, President
Washington Parish Fire District No. 7
17380 Bill Booty Road
Bogalusa, LA 70427
(Phone 985 732-5201)

Section II - Internal Control and Compliance Material to Federal Awards

This section does not apply.

Section III - Management Letter

No Section III Findings.

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

To the Board of Commissioners
Washington Parish Fire District No. 7
Ben's Ford, Louisiana

We have audited the financial statements of the Washington Parish Fire District No. 7, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 26, 2004. We have conducted our audit in accordance with auditing standards generally accepted by 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 Washington Parish Fire District No. 7's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect in the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying *Corrective Action Plan for Current Year Audit Findings* as Reference No. 2003-01.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington Parish Fire District No. 7's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management within the *Summary Schedule for Prior Year Audit Findings* as Reference Number 2001-12.

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A Professional Accounting Corporation

Page 2

This report is intended for the information of management, and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Bruce Harrell and Company, CPA's
A Professional Accounting Corporation

June 26, 2004