

FINANCIAL STATEMENTS
AND AUDITORS' REPORT

CALCASIEU PARISH WARD 7 FIRE
PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY

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 8-4-04

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Calcasieu Parish Ward 7 Fire
Protection District No. 1
Calcasieu Parish Police Jury
Vinton, Louisiana

We have audited the accompanying basic financial statements of the Calcasieu Parish Ward 7 Fire Protection District No. 1, a component unit of the Calcasieu Parish Police Jury, as of December 31, 2003, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 financial position of the Calcasieu Parish Ward 7 Fire Protection District No. 1 as of December 31, 2003, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 7 to the basic financial statements, the Calcasieu Parish Ward 7 Fire Protection District No. 1 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 a report dated May 25, 2004, on our consideration of the District's internal control over financial reporting and our test 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 6-11 is not a required part of the basic financial statements but is 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 Calcasieu Parish Ward 7 Fire Protection District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

May 25, 2004

Langley, William C., CPA

WARD 7 FIRE DISTRICT #1

**2816 FOREMAN ROAD
VINTON, LOUISIANA 70608**

**FIRE
911**

**BUSINESS
(337) 589-2901
(337) 589-2945**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of Calcasieu Parish Ward 7 Fire District #1 (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the District's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

The District's total general revenues were \$267,357 compared to \$273,627 in 2002.

During the year ended December 31, 2003 the Calcasieu Parish Ward 7 Fire District #1 had total expenses, excluding depreciation of \$186,382.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 12 and 13) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

The Calcasieu Parish Ward 7 Fire District #1 was determined to be a component unit of the Calcasieu Parish Police Jury. The Police Jury is financially accountable for the district because it appoints the Board of Commissioners and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the Calcasieu Parish Ward 7 Fire District #1.

Reporting the Calcasieu Parish Ward 7 Fire District #1 as a Whole

Our analysis of the Calcasieu Parish Ward 7 Fire District #1 as a whole begins on page 12. One of the most important questions asked about the District's finances is "Is the Calcasieu Parish Ward 7 Fire District #1 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the District as a whole and about its activities in

a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the Calcasieu Parish Ward 7 Fire District #1 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Calcasieu Parish Ward 7 Fire District #1 are reported here which consists primarily of personal services, materials and supplies, fuel, repairs and maintenance, salaries, and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the Calcasieu Parish Ward 7 Fire District #1 begins on page 14. The fund financial statements begin on page 14 and provide detailed information about the most significant funds maintained by the Calcasieu Parish Ward 7 Fire District #1 as a whole. The District's *governmental funds* use the following accounting approaches: Governmental funds – All of the District basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for 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 District's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain District expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at page 15.

THE CALCASIEU PARISH WARD 7 FIRE DISTRICT #1 AS A WHOLE

The District's total net assets increased during 2003, from \$1,430,202 to \$1,526,738. The December 31, 2003, year was the first period that GASB Statement 34 was applied. The Calcasieu Parish Ward 7 Fire District #1 was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total governmental funds for the December 31, 2003 year. In future years, when prior year information is available, a comparative analysis of the funds maintained by the Calcasieu Parish Ward 7 Fire District #1 will be presented.

Table 1
Net Assets

	Governmental Activities 2003
Current and other assets	\$ 1,338,267
Capital assets	1,100,077
Total assets	<u>2,438,344</u>
Current liabilities	96,606
Long-term liabilities	815,000
Total liabilities	<u>911,606</u>
Net assets:	
Investment in capital assets, net of related debt	205,627
Restricted for:	
Debt service	396,248
Capital assets purchases	223,711
Unrestricted	701,152
Total net assets	<u>\$ 1,526,738</u>

Net assets of the District's governmental activities increased by \$96,536 or 7%. Unrestricted net assets, the part of net assets that can be used to finance the District expenses without constraints or other legal requirements, increased from a year ago, from \$615,665 at December 31, 2002 to \$701,152 at December 31, 2003.

Table 2
Change in Net Assets

	Governmental Activities 2003
Revenues	
General revenues	
Ad valorem taxes	\$ 394,551
Miscellaneous	15,858
Interest	12,600
Total revenues	423,009
Expenses	
General government	326,473
Increase in net assets	\$ 96,536

Total revenues increased \$15,819 (4%) from total revenues in the year ended December 31, 2002 of \$407,190 to total revenues of \$423,009 in the year ended December 31, 2003.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$1,321,109, which is higher than last year's fund balance of \$1,188,599. The primary reasons for the excess are:

- General fund revenues exceeded general fund expenditures by \$80,975.
- Debt service fund revenues exceeded debt service fund expenditures by \$49,846.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2003. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 18. Highlights for the year are as follows:

- General Fund revenues from ad valorem taxes was approximately \$47,621 higher than projected due to increased number of households assessed and commercial property improvements.
- The District spent significantly less on capital outlay from its General Fund than projected. The budgetary comparison schedule presents information only on the General Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2003, the District had invested \$2,148,440 in capital assets. (See table 3 below)

Table 3
Capital Assets at Year End

	Governmental Activities 2003
Land	\$ 3,931
Building & improvements	438,442
Improvements other than buildings	102,853
Equipment	<u>1,603,214</u>
Total	<u>\$ 2,148,440</u>

This year's major additions included:

Equipment	<u>\$ 19,517</u>
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More detail information about capital assets is presented in Note 4 to the financial statements.

DEBT

In 1998, the District issued general obligation bonds totaling \$1,250,000 for the purpose of acquiring buildings, machinery and equipment, including both real and personal property , to be used in giving fire protection to the property in the District. The bonds are to be payable from ad valorem taxes.

Table 4
Outstanding Debt at Year End

	Governmental Activites 2003
General obligation bonds (back by Ad valorem taxes)	<u>\$ 885,000</u>

State law restricts the amount of debt that the District may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes of all real and personal property located within the District. The District's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District's management considered many factors when setting a fiscal year December 31, 2004 budget. Amounts available for appropriation in the governmental funds are expected to increase due to an increase in the property valuations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Calcasieu Parish Ward 7 Fire District #1 and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Calcasieu Parish Ward 7 Fire District #1, at 2815 Foreman Road, Vinton, Louisiana 70668.


Guy Renfrow
Board President

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

Statement of Net Assets

December 31, 2003

ASSETS

Cash and cash equivalents	\$ 947,470
Accounts receivable, net	390,797
Capital assets, net	<u>1,100,077</u>
Total assets	<u>2,438,344</u>

LIABILITIES

Accounts payable	3,645
Accrued liabilities	22,961
Long-term liabilities:	
Bond payable--	
Portion due within one year	70,000
Portion due after one year	<u>815,000</u>
Total liabilities	<u>911,606</u>

NET ASSETS

Investment in capital assets, net of related debt	205,627
Restricted for:	
Debt service	396,248
Capital asset purchases	223,711
Unrestricted	<u>701,152</u>
Total net assets	<u>\$ 1,526,738</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

Statement of Activities

For the Year Ended December 31, 2003

FUNCTION/PROGRAMS	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental Activities - Net (Expenses) Revenues and Changes in Net Assets</u>
	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants, and Contributions</u>		
General government	<u>\$326,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (326,473)</u>
Total Government Activities	<u><u>\$326,473</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (326,473)</u></u>
Taxes:					
Ad valorem taxes				394,551	
State revenue sharing				3,141	
Fire tax rebate				7,717	
Grants and contributions not restricted to specific purposes:					
Riverboat endowment				5,000	
Interest				12,600	
				<u>12,600</u>	
Total general revenues and special items				<u>423,009</u>	
Excess of revenue over expenses				96,536	
Net assets - beginning of year				1,430,202	
Net assets - end of year				<u><u>\$ 1,526,738</u></u>	

The accompanying notes are an integral part of this statement.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

Balance Sheet - Governmental Funds

December 31, 2003

	GOVERNMENTAL FUND TYPES			Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents	\$ 471,279	\$ 252,480	\$ 223,711	\$ 947,470
Ad valorem tax receivable, net of allowance for doubtful accounts	237,943	148,717	-	386,660
State revenue sharing receivable	3,141	-	-	3,141
Accrued interest receivable	997	-	-	997
	<u>713,360</u>	<u>401,197</u>	<u>223,711</u>	<u>1,338,268</u>
Total assets	\$ <u>713,360</u>	\$ <u>401,197</u>	\$ <u>223,711</u>	\$ <u>1,338,268</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,644	\$ -	\$ -	\$ 3,644
Accrued liabilities	646	-	-	646
Deductions from ad valorem tax receivable:				
Retirement systems	7,918	4,951	-	12,869
	<u>12,208</u>	<u>4,951</u>	<u>-</u>	<u>17,159</u>
Total liabilities	12,208	4,951	-	17,159
Fund balances:				
Reserved for debt service	-	396,246	-	396,246
Reserved for fixed asset purchases	-	-	223,711	223,711
Unreserved	701,152	-	-	701,152
	<u>701,152</u>	<u>396,246</u>	<u>223,711</u>	<u>1,321,109</u>
Total fund balances	<u>701,152</u>	<u>396,246</u>	<u>223,711</u>	<u>1,321,109</u>
Total liabilities and fund balances	\$ <u>713,360</u>	\$ <u>401,197</u>	\$ <u>223,711</u>	\$ <u>1,338,268</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Policy Jury

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets

December 31, 2003

Total Fund Balances at December 31, 2003 - Governmental Funds		\$ 1,321,109
Cost of capital assets at December 31, 2003	\$ 2,148,440	
Less - accumulated depreciation as of December 31, 2003:		
Building and building improvements	(244,026)	
Furniture and fixtures	(8,030)	
Equipment	<u>(796,307)</u>	1,100,077
Long-term liabilities at December 31, 2003		
Bonds payable	(885,000)	
Accrued interest	<u>(9,448)</u>	<u>(894,448)</u>
Net Assets at December 31, 2003 - Governmental Activities		\$ <u>1,526,738</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Policy Jury

Combined Statement of Revenue, Expenditures, and Changes
in Fund Balance - Governmental Funds

Year Ended December 31, 2003

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 242,799	\$ 151,752	\$ -	\$ 394,551
State revenue sharing	3,141	-	-	3,141
Fire tax rebate	7,717	-	-	7,717
Interest	8,700	2,211	1,689	12,600
Intergovernmental - Riverboat Endowment grants	5,000	-	-	5,000
Total revenues	267,357	153,963	1,689	423,009
EXPENDITURES				
General government	166,865	10,207	-	177,072
Capital outlay	19,517	-	-	19,517
Debt service:				
Principal retirement	-	55,000	-	55,000
Interest	-	38,910	-	38,910
Total expenditures	186,382	104,117	-	290,499
EXCESS OF REVENUES OVER EXPENDITURES	80,975	49,846	1,689	132,510
OTHER FINANCING SOURCES (USES)				
Operating transfer in	4,512	-	-	4,512
Operating transfer out	-	-	(4,512)	(4,512)
Total other financing sources (uses)	4,512	-	(4,512)	-
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	85,487	49,846	(2,823)	132,510
FUND BALANCES, BEGINNING OF YEAR	615,665	346,400	226,534	1,188,599
FUND BALANCES, END OF YEAR	\$ 701,152	\$ 396,246	\$ 223,711	\$ 1,321,109

The accompanying notes are an integral part of this statement.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Policy Jury

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

Year Ended December 31, 2003

Net change in fund balance -- total governmental funds		\$	132,510
Amount reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:			
Depreciation expense	(111,049)		
Capital outlays	<u>19,517</u>		(91,532)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets			55,000
Interest in long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.			<u>558</u>
Change in net assets of governmental activities		\$	<u><u>96,536</u></u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Policy Jury

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual (GAAP Basis) - General Fund

Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 175,000	\$ 200,000	\$ 242,799	\$ 42,799
State revenue sharing	3,000	3,100	3,141	41
Fire tax rebate	6,000	7,700	7,717	17
Interest	12,000	12,000	8,700	(3,300)
Intergovernmental - Riverboat Endowment grants	<u>25,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total revenues	221,000	227,800	267,357	39,557
EXPENDITURES				
General government	136,000	186,800	166,865	19,935
Capital outlay	<u>85,000</u>	<u>41,000</u>	<u>19,517</u>	<u>21,483</u>
Total expenditures	<u>221,000</u>	<u>227,800</u>	<u>186,382</u>	<u>41,418</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>80,975</u>	<u>80,975</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	-	-	4,512	4,512
Operating transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4,512</u>	<u>4,512</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	-	85,487	85,487
FUND BALANCE, BEGINNING OF YEAR	<u>615,665</u>	<u>615,665</u>	<u>615,665</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 615,665</u></u>	<u><u>\$ 615,665</u></u>	<u><u>\$ 701,152</u></u>	<u><u>\$ 85,487</u></u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Calcasieu Parish Ward 7 Fire Protection District No. 1 was created under the provisions of Louisiana Revised Statutes 40:1492-1501, for the purpose of providing fire protection for the people of Ward 7 of Calcasieu Parish. The district is governed by a board of five commissioners appointed by the Calcasieu Parish Police Jury.

A. Basis of Presentation

The financial statements of the Calcasieu Parish Ward 7 Fire Protection District No. 1 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

B. Reporting Entity

The District is a component unit of the Calcasieu Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

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

C. Basic Financial Statements – Government Wide Statements

The Calcasieu Parish Ward 7 Fire Protection District No. 1 financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Calcasieu Parish Ward 7 Fire Protection District No. 1 net assets are reported in four parts – invested in capital assets (net of related debt), restricted for debt service and capital asset purchasing, and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Calcasieu Parish Ward 7 Fire Protection District No. 1 functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The net cost (by function) is normally covered by general revenues.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements – Government Wide Statements (Continued)

This government-wide focus is more on the sustainability of the Calcasieu Parish Ward 7 Fire Protection District No. 1 as an entity and the change in the Calcasieu Parish Ward 7 Fire Protection District No. 1's net assets resulting from the current year's activities.

D. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Calcasieu Parish Ward 7 Fire Protection District No. 1 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The Calcasieu Parish Ward 7 Fire Protection District No. 1 uses the following fund types:

- a. General fund is the general operating funds of the Calcasieu Parish Ward 7 Fire Protection District No. 1. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Capital projects fund is used to account for financial resources to be used in the acquisition or construction of major capital facilities and equipment.
- c. Debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on the long-term obligations of the District.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. All three of the Districts governmental funds are considered major funds.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Calcasieu Parish Ward 7 Fire Protection District No. 1 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are billed and generally collected within the fiscal year in which the taxes are levied. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenue is recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is the principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

E. Accounts Receivable

Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. The allowance for uncollectible accounts at December 31, 2003, was \$7,891.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

Capital assets purchased or acquired with an original cost of \$200 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building and building improvements	15 – 50 years
Equipment	5 – 20 years

G. Budgets

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund expenditures. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the district's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations by more than five percent.

H. Long-term Obligations

Long-term obligations are reported as liabilities in the government-wide statements. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liability of a governmental fund.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

NOTE 2 - AD VALOREM TAXES

For the year ended December 31, 2003, taxes of 16.25 mills were levied on property with assessed valuations totaling \$24,279,890 and were dedicated as follows:

Maintenance	10.00 mills
Bond Sinking	6.25 mills

Total taxes levied were \$394,551.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 2003, the district has cash and cash equivalents (book balances) as follows:

Demand deposits	\$ 485,932
Time deposits	<u>461,538</u>
Total	<u>\$ 947,470</u>

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS - (Continued)

December 31, 2003

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Those deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the district has \$947,799 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$976,092 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 4 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2003, follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets:				
Land	\$ 3,931	\$ -	\$ -	\$ 3,931
Buildings & improvements	439,477	-	(1,035)	438,442
Improvements other than buildings	102,853	-	-	102,853
Equipment	<u>1,650,932</u>	<u>19,517</u>	<u>(67,235)</u>	<u>1,603,214</u>
Total capital assets	2,197,193	19,517	(68,270)	2,148,440
Less accumulated depreciation:				
Building & improvements	(136,299)	(10,997)	1,035	(146,261)
Improvements other than buildings	(97,055)	(710)	-	(97,765)
Equipment	<u>(772,230)</u>	<u>(99,342)</u>	<u>67,235</u>	<u>(804,337)</u>
Total accumulated depreciation	<u>(1,005,584)</u>	<u>(111,049)</u>	<u>68,270</u>	<u>(1,048,363)</u>
Total capital assets, net	<u>\$ 1,191,609</u>	<u>\$ (91,532)</u>	<u>\$ -</u>	<u>\$ 1,100,077</u>

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS - (Continued)

December 31, 2003

NOTE 5 - LONG-TERM DEBT

The following is a summary of bond transactions of the district for the year ended December 31, 2003:

Payable January 1, 2003	\$	940,000
Retired		<u>(55,000)</u>
Payable December 31, 2003	\$	<u><u>885,000</u></u>

Bonds payable at December 31, 2003, is comprised of the following issue:

\$1,125,000 general obligation bonds dated March 1, 1998;
due in annual installments of \$40,000 to \$110,000 through
March 1, 2013; plus interest at 8.00% to 4.35% due semiannually
on March 1 and September 1 beginning September 1, 1998;
secured by levy and collection of ad valorem taxes \$ 885,000

The annual requirements to amortize all debts outstanding as of December 31, 2003, are as follows:

Year Ending December 31,	Principal	Interest	Total
2004	\$ 70,000	\$ 36,360	\$ 106,360
2005	75,000	33,369	108,369
2006	75,000	30,238	105,238
2007	80,000	26,963	106,963
2008	85,000	23,435	108,435
Thereafter	<u>500,000</u>	<u>56,331</u>	<u>556,331</u>
	<u>\$ 885,000</u>	<u>\$ 206,696</u>	<u>\$ 1,091,696</u>

NOTE 6 - PENSION PLAN

Employees of the fire district participate in the State of Louisiana Social Security Program. The fire district is required to remit an amount equal to the employee's contribution. The fire district does not guarantee any of the benefits granted by the State of Louisiana Social Security Program.

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

NOTES TO FINANCIAL STATEMENTS - (Continued)

December 31, 2003

NOTE 7 -- CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2003, the Calcasieu Parish Ward 7 Fire Protection District No. 1 has implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 creates new basic financial statements for reporting on the District’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at January 1, 2003, to be restated in terms of “net assets” in the government-wide financial statements. The following is a reconciliation of governmental fund balances to net assets:

Total Fund Balances at January 1, 2003 -- Governmental Funds		\$ 1,188,599
Cost of capital assets at January 1, 2003	\$ 2,197,193	
Less – accumulated depreciation as of January 1, 2003:		
Building and building improvements	(233,354)	
Equipment	(772,230)	1,191,609
Accrued interest payable		(10,006)
Bonds payable		(940,000)
Net Assets at January 1, 2003 – Governmental Activities		<u>\$ 1,430,202</u>

SUPPLEMENTAL INFORMATION

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury

PER DIEM PAID BOARD MEMBERS

December 31, 2003

The schedule of per diem paid to commissioners was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

As provided by Louisiana Revised Statute 40:1498, each commissioner received \$30 per diem for attending regular monthly meetings and special meetings.

	<u>2003</u>
Guy Renfrow	\$ 300
Gordan Clement	330
Raymond Kelly, Sr.	360
Steve Smith	60
Kent Ledoux	<u>300</u>
	<u>\$ 1,350</u>

Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Policy Jury

SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES - BUDGET
AND ACTUAL (GAAP BASIS) - GENERAL FUND

Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Accounting	\$ 2,000	\$ 2,200	\$ 2,200	\$ -
Bad debt	-	-	5,708	(5,708)
Bank charges	-	-	66	(66)
Deductions from ad valorem taxes - retirement	2,000	6,000	7,917	(1,917)
Firemen's fee	16,000	27,000	26,169	831
Fuel	4,000	6,500	4,383	2,117
Insurance	30,000	32,000	25,147	6,853
Maintenance and repairs	4,000	21,000	19,160	1,840
Office	4,000	2,000	1,696	304
Service	6,000	10,800	10,538	262
Payroll taxes	2,600	3,000	2,532	468
Per diem paid commissioners	2,400	1,300	1,350	(50)
Salaries	35,000	34,000	32,688	1,312
Supplies - operating	13,000	30,000	17,220	12,780
Supplies - housekeeping	1,000	1,000	199	801
Utilities and telephone	14,000	10,000	9,892	108
Total general governmental expenditures	\$ 136,000	\$ 186,800	\$ 166,865	\$ 19,935



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CENTER FOR PUBLIC
COMPANY AUDIT FIRMS

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
Calcasieu Parish Ward 7 Fire Protection District No. 1
Calcasieu Parish Police Jury
Vinton, Louisiana

We have audited the basic financial statements of the Calcasieu Parish Ward 7 Fire Protection District No. 1, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 25, 2004. We conducted our audit in accordance with generally accepted auditing 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 the District's general purpose 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 on 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our 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 general purpose 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.

This report is intended for the information of the District's management, the Board of Commissioners, the Calcasieu Parish Police Jury, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Langley, William C., CPA

May 25, 2004

Calcasieu Parish Ward 7 Fire Protection District No. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2003

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Calcasieu Parish Ward 7 Fire Protection District No. 1.
2. No reportable conditions were disclosed during the audit of the financial statements in the report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance were disclosed during the audit.
4. A separate management letter was not issued.