

REPORT

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Component Unit Financial Statements
As of and for the Year
Ended December 31, 2004
with Supplemental Information Schedules

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 6/29/05

William R. Durden

Certified Public Accountant

Limited Liability Company

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Component Unit Financial Statements
As of and for the Year Ended December 31, 2004
With Supplemental Information Schedule

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TRANSMITTAL LETTER

DECEMBER 31, 2004

Office of the Legislative Auditor
1600 North Third
P. O. Box 94397
Baton Rouge, LA 70804-9397

Dear Sir:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for the Washington Parish Fire Protection District # 3 as of and for the fiscal year ended December 31, 2004. The report includes all funds under the control and oversight of the District. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles.

Sincerely



Officer

William R. Durden

*Certified Public Accountant
Limited Liability Company*

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(985) 839-4413
FAX (985) 839-4402

MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

Board of Commissioners
Washington Parish Fire
Protection District # 3
Franklinton, Louisiana

I have compiled the accompanying financial statements and supplemental information, contained in schedules I and II, as of and for the year ended December 31, 2004, for the Washington Parish Fire Protection District #3, a component unit of the Washington Parish Government, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and supplemental information, and accordingly, do not express an opinion or any other form of assurance on them.

The management's discussion and analysis and budgetary comparison information, on pages 3 through 9 and 23 through 24 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

I am not independent with respect to Washington Parish Fire Protection District #3.



William R. Durden
Certified Public Accountant

Franklinton, Louisiana
May 17, 2005

Management's Discussion and Analysis

**WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

Management's Discussion and Analysis

Introduction

Washington Parish Fire Protection District #3 is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standard Board Statement No. 34, Basic Financial Statements-Management's Discussion and Analysis for State and Local Governments (hereinafter referred to as GASB 34) and related standards.

Financial Highlights

- Total assets for the year were \$208,921 at December 31, 2004 and exceeded liabilities in the amount of \$7,100. Of total net assets, \$63,312 may be used to meet the District's ongoing obligations to citizens and creditors. The balance of the total assets are invested in capital assets net of related debt and restricted for assets. The capital assets net of related debt is \$129,122. The restricted assets consist of \$3,811 for debt and \$5,576 for protest tax. The condensed balance sheet is presented on governmental funds, but the financial highlights are presented on government-wide statement.

- Revenues consist of ad valorem tax and state revenue sharing. The total revenues for the fiscal year ending December 31, 2004 was \$56,220 representing an approximate increase of 38.02% from total revenues for fiscal year December 31, 2003 of \$40,734.

- The District's operating expenditures for the governmental fund, consisting of those expenditures resulting from the District's ongoing operations, decreased by \$11,905 (32.89%) compared to \$36,199 for the fiscal year ended December 31, 2003. The major area of the decrease was in capital outlay of \$9,150. In the government-wide statement of activities, the total expenses are \$37,453. The government-wide statement of activities recorded depreciation expenses of \$12,018 and interest of \$1,316. The governmental fund recorded the capital outlay of \$175 and the transfer out of \$11,628 from General Fund for debt.

- Total long-term debt decreased from \$14,122 at December 31, 2003 to \$3,811 December 31, 2004. The decrease is due primarily to the payment of principal on outstanding bonds.

**WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

Management's Discussion and Analysis

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to basic financial statements themselves.

Government-wide financial statements. The government -wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting methods.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in nets assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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 related cash flows.

The statement of net assets and the statement of activities display information about the District as a whole. These statements distinguish between those activities of the District that are governmental and those that are considered business type activities.

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 segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Modified accrual basis of accounting is used by the governmental funds.

Notes to financial statements. The notes to the financial statements provide required disclosures essential to the understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule.

**WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

Management's Discussion and Analysis

Financial Analysis

We are presenting a financial analysis based on the prior year and current year governmental funds. The purpose of financial analysis is to help to determine whether the District is better off as a result of the current year's activities. In this analysis, data presented are from two of the basic financial statements, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance.

Condensed Balance Sheet

	December 31, 2003	December 31, 2004	Dollar Change	Percent Change
Total Assets	<u>\$ 56,987</u>	<u>\$ 75,988</u>	<u>\$ 19,001</u>	<u>33.34%</u>
Total Liabilities	<u>\$ 45,761</u>	<u>\$ 3,289</u>	<u>\$ (42,472)</u>	<u>-92.81%</u>
Fund Balance- Unreserved	(5,751)	63,312	69,063	109.08%
Fund Balance- Reserved	<u>16,977</u>	<u>9,387</u>	<u>(7,590)</u>	<u>-80.86%</u>
Total Fund Balances	<u>11,226</u>	<u>72,699</u>	<u>61,473</u>	<u>547.59%</u>
Total Liabilities and Fund Balances	<u>\$ 56,987</u>	<u>\$ 75,988</u>	<u>\$ 19,001</u>	<u>33.34%</u>

The liabilities are the deferred revenues which are the contra amount to the receivables for prior years.

**WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

Management's Discussion and Analysis

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balance

	December 31, 2003	December 31, 2004	Dollar Change	Percent Change
Total Revenues	\$ 40,734	\$ 56,220	\$ 15,486	38.02%
Expenditures:				
Operating Expenditures	26,874	24,119	(2,755)	-10.25%
Capital Outlay	9,325	175	(9,150)	-98.12%
Total Expenditures	36,199	24,294	(11,905)	-32.89%
Excess Revenue Over				
Expenditures	4,535	31,926	27,391	603.99%
Fund Transfers	(11,088)	(11,628)	(540)	4.87%
Debt proceed	-	-	-	0.00%
Excess of Revenues and				
Fund Transfers	(6,553)	20,298	26,851	-409.75%
Fund Balance, January	17,779	11,226	(6,553)	-36.86%
Prior Year Adjustment to Fund Balance	-	41,175	-	
Fund Balance , December	<u>\$ 11,226</u>	<u>\$ 72,699</u>	<u>\$ 61,473</u>	<u>547.59%</u>

**WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

Management's Discussion and Analysis

Capital Assets

At the end of the fiscal year December 31, 2004, the District had \$132,933 (net of accumulated depreciation) recorded in capital assets. Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statement. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful life:

Fire Stations	40 years
Fire Trucks and Other Trucks	5-20 years
Equipment	3-10 years

Fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at fair market value on the date donated. The cost of all assets acquired prior to 1989 have been valued using estimated historical cost.

Capital asset activity for the year ended December 31, 2004

	January 1, 2004	December 31, 2004	Dollar Change	Percent Change
Fire trucks	\$ 115,142	\$ 115,142	\$ -	0.00%
Fire house	42,881	42,881	-	0.00%
Equipment	80,455	80,630	175	0.22%
Subtotal	<u>238,478</u>	<u>238,653</u>	<u>175</u>	<u>0.07%</u>
Less Accumulated				
Depreciation	<u>(93,702)</u>	<u>(105,720)</u>	<u>(12,018)</u>	<u>12.83%</u>
Net Capital Assets	<u>144,776</u>	<u>132,933</u>	<u>(11,843)</u>	<u>-8.18%</u>

Purchases of capital assets from December 31, 2003 to December 31, 2004 were minimal.

**WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

Management's Discussion and Analysis

Long-Term Debt Activity

Long-term obligations are reported in the government-wide financial statement. In previous years under governmental funds, the District reported long-term debt in the debt service fund.

A schedule of changes in the long-term obligation for the District during 2004, follow:

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004	Amount Due in One Year
Fire Truck Loan	\$ 14,122	\$	\$ 10,311	\$ 3,811	\$ 3,811

Future Economic Plans

The District's management approach is conservative. The board actively monitors revenues and expenses and evaluate the cost of all purchases and any proposed expansion projects.

FINANCIAL STATEMENTS

STATEMENT A

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
 WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Statement of Net Assets
 December 31, 2004

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 15,657
Cash restricted	5,576
Receivables	48,215
Prepaid expenses	6,540
Capital assets	
Fire trucks	115,142
Fire stations	42,881
Equipment	80,630
Less accumulated depreciation	<u>(105,720)</u>
Capital assets , net	<u>132,933</u>
Total Assets	<u><u>208,921</u></u>
 LIABILITIES:	
Deferred Revenue	3,289
Long-term debt due in one year	3,811
Long-term debt due more than one year	-
Total Liabilities	<u><u>7,100</u></u>
 Net Assets	
Invested in capital assets, net of related debt	129,122
Restricted for Debt	3,811
Restricted for Protest Tax	5,576
Unrestricted	63,312
Total Net Assets	<u><u>\$ 201,821</u></u>

See accountant's compilation report and accompanying notes to financial statements.

STATEMENT B

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

EXPENSES:	
Insurance	\$ 7,530
Accounting and legal	1,600
Repairs and maintenance	5,848
Depreciation expense	12,018
Interest expense	1,316
Utilities	1,914
Supplies	2,360
Fuel, gas, and oil	2,691
Other	2,176
Total Program Expenses	<u>37,453</u>
PROGRAM REVENUES:	
Ad valorem taxes	44,926
State revenue sharing	11,191
Interest Income	103
Net Program Revenues	<u>56,220</u>
Change in Net Assets	18,767
Beginning Net Assets, JANUARY 1, 2004	<u>141,879</u>
Prior Year Adjustment to Fund Balance	41,175
Ending Net Assets, DECEMBER 31, 2004	<u>\$ 201,821</u>

See accountant's compilation report and accompanying notes to financial statements.

STATEMENT C

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
 WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2004

	General Fund	Debt Service Fund	Total Governmental Funds	Reconciliation: Total
ASSETS AND OTHER DEBITS				
ASSETS:				
Cash and cash equivalents	\$ 15,657	\$ -	\$ 15,657	governmental
Cash restricted	5,576	-	5,576	funds balances \$ 72,699
Receivables	48,215	-	48,215	
Prepaid expenses	6,540	-	6,540	Capital assets 129,122
OTHER DEBIT:				
Amount available in Debt Service Fund				Net assets
Amount to be provided for retirement				of governmental
of long-term obligations		3,811	3,811	activities \$201,821
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 75,988</u>	<u>\$ 3,811</u>	<u>\$ 79,799</u>	
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Deferred Revenue	\$ 3,289	-	\$ 3,289	
Capital Leases payable	-	3,811	3,811	
Total Liabilities	<u>3,289</u>	<u>3,811</u>	<u>7,100</u>	
FUND BALANCE				
Fund balance - unreserved	63,312	-	63,312	
Fund balance - reserved for debt	3,811	-	3,811	
Fund balance - reserved for protest tax	5,576	-	5,576	
Total Fund Balances	<u>72,699</u>	<u>-</u>	<u>72,699</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 75,988</u>	<u>\$ 3,811</u>	<u>\$ 79,799</u>	

See accountant's compilation report and accompanying notes to financial statements.

STATEMENT D

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
 WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Statement of Revenues, Expenditures
 and Changes in Fund Balance
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2004

	General	Debt Service	Total
REVENUES:			
Ad valorem taxes	\$ 44,926	\$ -	\$ 44,926
State revenue sharing	11,191	-	11,191
Interest Income	103	-	103
Total Revenues	<u>56,220</u>	<u>-</u>	<u>56,220</u>
EXPENDITURES:			
Insurance	7,530	-	7,530
Accounting and legal	1,600	-	1,600
Repairs and maintenance	5,848	-	5,848
Capital outlay	175	-	175
Utilities	1,914	-	1,914
Supplies	2,360	-	2,360
Fuel, gas, and oil	2,691	-	2,691
Other	2,176	-	2,176
Debt service:			
Principal retirement	-	10,312	10,312
Interest	-	1,316	1,316
Total expenditures	<u>24,294</u>	<u>11,628</u>	<u>35,922</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	31,926	(11,628)	20,298
Fund transfers	<u>(11,628)</u>	<u>11,628</u>	<u>-</u>
EXCESS OF REVENUES AND FUND TRANSFERS	20,298	-	20,298
FUND BALANCE, JANUARY 1, 2004	<u>11,226</u>	<u>-</u>	<u>11,226</u>
Prior Year Adjustment to Fund Balance	41,175	-	41,175
FUND BALANCE, DECEMBER 31, 2004	<u>\$ 72,699</u>	<u>\$ -</u>	<u>\$ 72,699</u>
Change in fund balance	\$ 20,298		
Capital assets purchased	175		
Transfer out	11,628		
Interest expense	(1,316)		
Current year depreciation expense	(12,018)		
Change in net assets	<u>\$ 18,767</u>		

See accountant's compilation report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2004

NOTE 1- DESCRIPTION OF COMPONENT UNIT AND REPORTING ENTITY

The Fire Protection District Number Three of Washington Parish was created under the Louisiana Revised Statute 40:1496.12E. 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 a five 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 encompasses approximately 80 square miles in a portion of Wards 8 and 3 of Washington Parish, and serves approximately 2,600 people and several small businesses living and operating within the boundaries of the District. The District operates four fire stations which are located as follows: one in Warnerton, Louisiana, a second on LA Highway 38 in the Hayes Creek Community, a third on LA Highway 430 in Hackley, Louisiana and the fourth in Clifton just off Hwy 25, with a totally volunteer staff of firefighters.

REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Washington Parish Government is the financial reporting entity for Washington Parish. The financial reporting entity consists of (a) the primary government, parish council, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

**WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

**Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2004**

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the parish council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish council.
2. Organizations for which the parish council does not appoint a voting majority but are fiscally dependent on the parish council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of this organization is not included because of the nature or significance of the relationship.

Because the parish council appoints a voting majority of the District's governing board and the parish council has the ability to impose its will on the District, the District was determined to be a component unit of the Washington Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

NOTE-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Washington Parish Fire Protection District #3 have been prepared in conformity with generally accepted accounting principles of the United States of America (GAAP) as applied to government units. This is the first year that the accompanying financial statements have been prepared in conformity with GASB-34. Under GASB-34, a statement of net assets and statement of activities are prepared which are presented on accrual basis of accounting. The significant differences are capital outlay is reported as an asset and depreciated in the government-wide statement. Also long term obligations are recorded as liabilities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2004

A. BASIS OF PRESENTATION

Government-Wide Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements distinguish between those activities of the District that are governmental and those that are considered business type activities.

Fund Financial Statements

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

B. FUND ACCOUNTING

The District uses funds to maintain its financial records during the year. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursements of specific or legally restricted monies. Governmental funds of the District include:

- a. General Fund – the general operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet in the fund statements. Long term assets and long term liabilities are included in the governmental-wide statements. Operating statements of governmental funds present increases (revenues), other financing sources and decreases (expenditures), and other financing uses are included in current assets.

The government-wide statements of net assets and statement of activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operation of these activities are included on the statement of net assets.

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2004

The statements of net assets and statements of activities are presented on the accrual basis of accounting. Under this method of accounting exchange, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The modified accrual basis of accounting is used by the governmental funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. Effective for financial statements issued after June 30, 2000, GASB Statement 33, Accounting and Financial reporting for Nonexchange Transactions, defines a nonexchange transaction as a transaction whereby the government gives or receives value without directly receiving or giving equal value in return. Property taxes are imposed nonexchange revenues which result from assessments imposed on nongovernmental entities including individuals. Assets should be recognized when the government has an enforceable lien or legal claim to the resources, or the resources are received, whichever occurs first. Property tax revenues are recognized in the period in which the District has legal claim to the resources. However, for revenue to be recognized under the modified accrual basis, the measurable and available criteria must also be met. Governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized in the accounting period they become available and measurable. Donations, fund raising net revenues and state revenue sharing is recorded when received. Ad valorem taxes become a lien against the assessed property on assessment date or levy date. Property taxes collected by the taxing authority, but not remitted to the District at year-end, are accrued in revenue and included in property tax receivable.

Expenditures

Expenditures are recognized in the accounting period when the fund liability is incurred.

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2004

D. BUDGETS

The District does not have a formal policy on adopting a budget. The budget for year ending December 31, 2004, was adopted at the District's November 11, 2003, regular meeting. The budget was not amended. All appropriations lapse at year-end.

E. ENCUMBRANCES

The District does not use encumbrance accounting.

F. CASH AND CASH EQUIVALENTS

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

G. PREPAID ITEMS

The District uses the allocation method of recording prepaid expenses.

H. CAPITAL ASSETS

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statement. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful life:

Fire Stations	40 years
Fire Trucks and Other Trucks	5-20 years
Equipment	3-10 years

Fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at fair market value on the date donated. The cost of all assets acquired prior to 1989 have been valued using estimated historical cost.

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2004

I. COMPENSATED ABSENCES

The District does not have any paid employees; therefore, it does not have a formal leave policy.

J. LONG-TERM OBLIGATIONS

Long-term obligations are reported in the government-wide financial statement.

K. FUND BALANCE RESERVE

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

NOTE-3 LEVIED TAXES

On November 20, 1999, the voters of Washington Parish passed a proposition approving the levy of a 10 year, 17 mill property tax for acquiring, constructing, improving, maintaining and/or operating fire protection facilities and equipment for the District and paying the cost of obtaining water for fire protection purposes. This tax is for a period of 10 years, beginning with the year 2000 and ending with the year 2009.

2004 Assessed property value	6,116,910
Homestead Exemption	<u>3,402,310</u>
Taxable value	<u><u>2,714,600</u></u>
17 Mill assessment	\$ 46,579
Less: Pension deduction	<u>1,653</u>
Net assessment	<u><u>\$ 44,926</u></u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
 WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana

Notes to the Financial Statements (Continued)
 For the Year Ended December 31, 2004

NOTE-4 CASH AND CASH EQUIVALENTS

At December 31, 2004, the District has cash and cash equivalents totaling \$ 21,233 as follows:

Non-interest bearing demand deposits	\$ 15,657
Restricted cash for protest tax	<u>5,576</u>
Total cash and cash equivalents	<u>\$ 21,233</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are to be 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, 2004, the District had \$21,632. in deposits (collected bank balances). These deposits were secured from risk by \$100,000. of the federal deposit insurance.

NOTE-5 RECEIVABLES

The following is a summary of receivables at December 31, 2004:

<u>Class of receivable</u>	<u>General Fund</u>
Ad valorem taxes	\$ 44,926
Prior year taxes receivable	<u>3,289</u>
Total receivables	<u>\$ 48,215</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2004

NOTE-6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
Fire trucks	\$ 115,142	\$ -	\$ -	\$ 115,142
Fire house	42,881	-	-	42,881
Equipment	80,455	175	-	80,630
TOTAL	238,478	175	\$ -	238,653
Less Accumulated Depreciation				<u>105,720</u>
Governmental Capital Assets, net				<u><u>132,933</u></u>

NOTE-7 LONG-TERM DEBT

A schedule of changes in the long-term obligation for the District during 2004, follow:

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004	Amount Due in One Year
Fire Truck Loan	<u>\$ 14,122</u>	<u>\$ -</u>	<u>\$ 10,311</u>	<u>\$ 3,811</u>	<u>\$ 3,811</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2004

On June 3, 2002, the District issued a \$10,000 certificate of indebtedness to Government Capital Corporation in Brookhaven, Mississippi, at an interest rate of fifteen and seventy-nine thousandths per centum (15.079%) per annum. The principal shall mature in annual installments on May 1 of each year as follows:

Year	Principle	Interest	Total
2005	<u>3,811</u>	<u>575</u>	<u>4,386</u>
	<u>\$ 3,811</u>	<u>\$ 575</u>	<u>\$ 4,386</u>

FUND BALANCE - RESERVED

The reserved fund balance is funds set aside to pay the next installment of the note to Government Capital Corporation.

SUPPLEMENTAL INFORMATION

SCHEDULE I

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
 WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Budgetary Comparison Schedule
 General Fund

For the Year Ended December 31, 2004

	Budget	Actual	Variance
REVENUES:			
Ad valorem taxes	\$ 33,000	\$ 44,926	\$ 11,926
State revenue sharing	5,600	11,191	5,591
Other revenue	-	103	103
Total Revenues	<u>38,600</u>	<u>56,220</u>	<u>17,620</u>
EXPENDITURES:			
Insurance	7,600	7,530	70
Accounting	1,200	1,600	(400)
Repairs and maintenance	4,000	5,848	(1,848)
Capital Outlay	6,500	175	6,325
Utilities	1,200	1,914	(714)
Supplies	-	2,360	(2,360)
Fuel, gas, and oil	2,000	2,691	(691)
Other	-	2,176	(2,176)
Total expenditures	<u>22,500</u>	<u>24,294</u>	<u>(1,794)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,100	31,926	15,826
Fund transfers	<u>(11,386)</u>	<u>(11,628)</u>	<u>(242)</u>
EXCESS OF REVENUES AND FUND TRANSFERS	4,714	20,298	15,584
FUND BALANCE, JANUARY 1, 2004	<u> </u>	<u>11,226</u>	<u> </u>
Prior Year Adjustment to Fund Balance		41,175	
FUND BALANCE, DECEMBER 31, 2004	<u> </u>	<u>\$ 72,699</u>	<u> </u>

See accountant's compilation report and accompanying notes to financial statements.

SCHEDULE II

WASHINGTON PARISH FIRE PROTECTION DISTRICT #3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 2004

COMPENSATION PAID BOARD MEMBERS

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.

See accountant's compilation report and accompanying notes to financial statements.