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REPORT

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Component Unit Financial Statements
As of and for the Year
Ended December 31, 1998
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 audited, or reviewed, 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 ~~Oct 13 1998~~

WASHINGTON PARISH FIRE PROTECTION DISTRICT #2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Component Unit Financial Statements
As of and for the Year Ended December 31, 1998
With Supplemental Information Schedule

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TRANSMITTAL LETTER

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 1998

Office of the Legislative Auditor
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 # 2 as of and for the fiscal year ended December 31, 1998. 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

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

Board of Commissioners
Washington Parish Fire
Protection District # 2
Richardson, Louisiana

We have compiled the accompanying financial statements and supplemental information of the Washington Parish Fire Protection District # 2, a component unit of the Washington Parish Government, as of and for the year ended December 31, 1998, 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. We 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.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated September 20, 1999, on the results of our agreed-upon procedures.



Durden and Alonzo
Certified Public Accountants

September 16, 1999

FINANCIAL STATEMENTS

STATEMENT A

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
 WASHINGTON PARISH GOVERNMENT
 Richardson, Louisiana

All Fund Types and Account Groups

Balance Sheet
 December 31, 1998

	Governmental Funds				Account Groups			Total
	General Fund	Capital Projects Fund	Debt Service Fund		General Fixed Assets	General Long-Term Obligations	Memorandum Only	
ASSETS AND OTHER DEBITS								
ASSETS:								
Cash and cash equivalents	\$ 7,958	\$ 428,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,208
Investments	-	-	-	-	-	-	-	-
Due from other funds	1,500	-	-	-	-	-	-	1,500
Receivables	42,653	-	39,889	-	-	-	-	82,542
Prepaid expense	1,881	-	-	-	-	-	-	1,881
Land, buildings & equipment	-	-	-	134,182	-	-	-	134,182
OTHER DEBITS:								
Amount available in Debt Service Fund	-	-	-	-	-	-	-	-
Amount to be provided for retirement of long-term obligations	-	-	-	-	-	454,556	-	454,556
TOTAL ASSETS AND OTHER DEBITS	\$ 53,992	\$ 428,250	\$ 39,889	\$ 134,182	\$ 454,556	\$ 454,556	\$ 454,556	\$ 1,110,869
LIABILITIES, EQUITY, AND OTHER CREDITS								
LIABILITIES:								
Accounts payable	\$ -	\$ 4,956	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,956
Due to other funds	-	1,500	-	-	-	-	-	1,500
Current maturities of bonds	-	-	-	-	-	15,000	-	15,000
Note payable	-	-	-	-	-	4,556	-	4,556
General obligation bonds	-	-	-	-	-	435,000	-	435,000
Total Liabilities	-	6,456	-	-	-	454,556	-	461,012
EQUITY AND OTHER CREDITS:								
Investment in general fixed assets	-	-	-	134,182	-	-	-	134,182
Fund balance - unreserved	53,292	421,794	39,889	-	-	-	-	514,975
Total Equity and Other Credits	53,292	421,794	39,889	134,182	-	-	-	649,157
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 53,292	\$ 428,250	\$ 39,889	\$ 134,182	\$ 454,556	\$ 454,556	\$ 1,110,169	\$ 1,110,169

See accountant's report and accompanying notes to the financial statements

STATEMENT B

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended December 31, 1998

	General	Debt Service	Capital Projects	Total
REVENUES:				
Ad valorem taxes	\$ 42,549	\$ 39,889	\$ -	\$ 82,438
State revenue sharing	3,846	-	-	3,846
Interest earned	508	-	324	832
Total Revenues	<u>46,903</u>	<u>39,889</u>	<u>324</u>	<u>87,116</u>
EXPENDITURES:				
Fuel, gas, and oil	767	-	-	767
Insurance	5,251	-	-	5,251
Repairs and maintenance	4,546	-	-	4,546
Supplies	741	-	-	741
Capital Outlay	5,054	-	4,131	9,185
Legal and accounting	-	-	9,291	9,291
Election cost	-	-	4,307	-
Utilities	1,078	-	-	1,078
Office expense	3	-	-	3
Debt service:				
Principal retirement	-	5,028	-	5,028
Interest	-	593	-	593
Other	727	-	10,801	11,528
Total expenditures	<u>18,167</u>	<u>5,621</u>	<u>28,530</u>	<u>52,318</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	28,736	34,268	(28,206)	34,798
OTHER SOURCES (USES):				
Fund transfers	(5,621)	5,621	-	-
Proceeds from bond proceeds	-	-	450,000	450,000
FUND BALANCE, JANUARY 1, 1998	<u>30,177</u>	<u>-</u>	<u>-</u>	<u>30,177</u>
FUND BALANCE, DECEMBER 31, 1998	<u>\$ 53,292</u>	<u>\$ 39,889</u>	<u>\$ 421,794</u>	<u>\$ 514,975</u>

See accountant's report and accompanying notes to the financial statements

STATEMENT C

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures
and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 1998

	General Fund		
	Budget	Actual	Variance
REVENUES:			
Ad valorem taxes	\$ 20,582	\$ 42,549	\$ 21,967
State revenue sharing	3,750	3,846	96
Interest earned	385	508	123
Other revenue	-	-	-
Total Revenues	<u>24,717</u>	<u>46,903</u>	<u>22,186</u>
EXPENDITURES:			
Fuel, gas, and oil	600	767	(167)
Insurance	8,000	5,251	2,749
Repairs and maintenance	2,400	4,546	(2,146)
Supplies	600	741	(141)
Capital Outlay	13,200	5,053	8,147
Legal and accounting	-	-	-
Utilities	900	1,078	(178)
Office expense	-	3	(3)
Other	900	727	173
Total expenditures	<u>26,600</u>	<u>18,166</u>	<u>8,434</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,883)</u>	28,737	<u>\$ 30,620</u>
OTHER SOURCES (USES):			
Fund transfers	(5,621)	(5,621)	
Proceeds from capital lease	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, JANUARY 1, 1998		<u>30,177</u>	
FUND BALANCE, DECEMBER 31, 1998		<u>\$ 53,293</u>	

See accountant's report and accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 1998

INTRODUCTION

As provided by the Louisiana Revised Statute 40:1496.12B, the Fire Protection District Number Two of Washington Parish was created November 11, 1987 through a resolution passed by the Washington Parish Police Jury. 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. Members of the board of commissioners 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 90 square miles in a portion of Wards 9 and 1 of Washington Parish, and serves approximately 2,000 residents and several small businesses operating in this district. It operates two fire stations, one on Louisiana Highway 10 in the Richardson Community, a second on Louisiana Highway 450 in the Stoney Point Community and a third fire station is proposed for the Vernon Community, with a totally volunteer staff of firefighters.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Washington Parish Fire Protection District # 2 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.

B. 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, the 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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

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:

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

Because the parish government appoints a voting majority of the district's governing board and the parish government 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.

C. FUND ACCOUNTING

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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 money, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the district include:

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

- 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.
- b. Debt Service Fund – the debt service fund of the District accounts for the matured portion of and the payment of principal and interest of liabilities of the General Long-term Debt Account Group.
- c. Capital Projects Fund - the capital projects fund of the District accounts for the distribution of restricted funds that arose from the issuance of general obligation bonds, for the purpose of acquiring, constructing and improving buildings, machinery and equipment, including both real and personal property.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The 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. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recorded when they are determined to be both 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, but the actual amount paid to the governmental unit may not be collected until a later period. Generally, the ad valorem tax must be collected within sixty days after the end of the period in which the ad valorem tax revenue was recognized.

Expenditures

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

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). The proceeds from the issuance of long-term debt are not considered revenue but are classified as other sources of financing.

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

E. BUDGETS

The District follows these procedures in establishing data for the budget and adopting the annual budget.

1. The Treasurer and Chairman prepare a proposed budget and submit to the board for review at the November board meeting of the preceding year.
2. The budget is reviewed by the board and amendments or changes are offered at the December meeting. Any suggestions are taken under advisement with necessary action being taken to finalize the budget data. At this meeting, the finalized budget is adopted.
3. The budget is submitted to the Washington Parish Government for inclusion in their records.
4. Budgetary amendments, as required by state statute, are presented to the board for its approval.

F. ENCUMBRANCES

The District does not use encumbrance accounting.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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.

H. PREPAID ITEMS

The District uses the allocation method of recording prepaid expenses.

I. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed and the related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost when historical cost is not available. Donated assets are valued at their estimated fair market value at the date of donation.

J. COMPENSATED ABSENCES

The District does not have any compensated employees, therefore they do not have a compensated absence policy.

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

K. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

L. FUND EQUITY

Reserves

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.

M. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. LEVIED TAXES

On July 18, 1998, the District offered two tax propositions to the voters of the district for funding fire protection. An 8 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 1998 and ending with the year 2007 was passed by voters of the district. For the period covered by these financial statements, the millage was set at 8 mills.

Also, a proposition to issue general obligation bonds in the amount of \$450,000., to run 20 years for the purpose of acquiring, constructing and improving buildings, machinery and equipment, including both real and personal property, to be used in giving fire protection to the property of the District, payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974 was passed by the voters of the district. For the period covered by these financial statements, the millage was set at 7.5 mills.

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

1998 Assessed value of taxable property	\$ 5,499,180
8.00 mill tax (less pension deduction)	<u>\$ 42,549</u>
7.50 mill tax (less pension deduction)	<u>\$ 39,889</u>

3. CASH AND CASH EQUIVALENTS

At December 31, 1998, the District has cash and cash equivalents totaling \$436,208., as follows:

Interest-bearing demand deposits	\$ 36,208.
Time deposits	<u>400,000.</u>
Total cash and cash equivalents	<u>\$ 436,208.</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, 1998, the District had \$437,308. in deposits (collected bank balances). These deposits were secured from risk by \$136,308. of the federal deposit insurance and \$409,640. of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized 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.

4. INVESTMENTS

At December 31, 1998, the District does not have any deposits classified as investments.

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

5. RECEIVABLES

The following is a summary of receivables at December 31, 1998:

<u>Class of receivable</u>	<u>Ad valorem Taxes</u>
General Fund	\$ 42,653.
Debt Service Fund	<u>39,889.</u>
Total Receivables	<u>\$ 82,542.</u>

6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance January 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1998</u>
Fire trucks	\$ 61,878	\$ 5,868	\$ -	\$ 67,746
Buildings	27,509	599	-	28,108
Fire equipment	24,267	2,078	-	26,345
Radios	<u>11,343</u>	<u>640</u>	-	<u>11,983</u>
 TOTAL	 <u>\$ 124,997</u>	 <u>\$ 9,185</u>	 <u>\$</u>	 <u>\$ 134,182</u>

7. PENSION PLAN

Washington Parish Fire Protection District #2 does not employ any paid firefighters or other staff, therefore, they do not participate in any retirement or pension system.

8. COMPENSATED ABSENCES

At December 31, 1998, the District does not employ any compensated firefighters or other employees, therefore, there are no provisions for compensated absences in the financial statements.

WASHINGTON PARISH FIRE PROTECTION DISTRICT #2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

9. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	Balance January 1, 1998	Additions	Deductions	Balance December 31, 1998
General Obligation Bonds	\$ -	450,000	-	\$ 450,000
Note payable	9,584	-	5,028	4,556
TOTAL	<u>\$ 9,584</u>	<u>450,000</u>	<u>5,028</u>	<u>\$ 454,556</u>

General long term obligations are comprised of the following issues:

On July 18, 1998, the voters of Washington Parish Fire Protection District # 2 passed a proposition for the issuance of \$450,000. general obligation bonds for the purpose of acquiring, constructing, and improving fire protection buildings, machinery and equipment, including both real and personal property for the District, title to which shall be in the public, said bonds to be payable from ad valorem taxes. The interest rate over the 20 years of the offering varies from 4.5% to 7.0% resulting in a net yield of 5.045365% (at par). The District is bound under the terms and provisions of the law and the resolution to impose and collect annually a special ad valorem tax on all the property subject to taxation within the territorial limits of the District, sufficient to pay the principal, interest and any redemption premium, on the Bonds falling due each year. A principal and interest payment is due each June 1st and an interest only payment is due December 1st.

On November 1, 1996, the District borrowed \$15,000.00 from Parish National Bank in Franklinton, LA, to purchase a fire truck costing \$23,000.00. The debt is to be repaid in three annual installments beginning February 1, 1997. The loan bears interest at six (6) percent per annum.

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1998

The annual requirements to amortize all bonds and/or indebtedness outstanding at December 31, 1998, including interest of \$266,058. are as follows:

Year Ending	General Obligation Bonds	Note Payable	Total
1999	\$ 32,880	\$ 4,831	\$ 37,711
2000	37,005	-	37,005
2001	35,993	-	35,993
2002	35,055	-	35,055
2003	34,193	-	34,193
2004-2013	540,657	-	540,657
	\$ 715,783	\$ 4,831	\$ 720,614

9. LITIGATION AND CLAIMS

As of December 31, 1998, there were no litigations or claims against the District.

10. RELATED PARTY TRANSACTIONS

The Washington Parish Fire Protection District #2 had no related party transactions during the period under audit.

11. YEAR 2000

The district does not own any computer hardware and software systems and in this respect are not concerned with year 2000 compliance. The emergency equipment has not been tested for any imbedded chips or time mechanisms that may be adversely affected by the date January 1, 2000. The district does not have insurance coverage providing liability coverage in the event of equipment failure due to the year 2000 problems. The district uses the 911 system for dispatch purposes which is the responsibility of Bell South Communications. At this time, the district does not expect complications from the year 2000 compliance problem.

SUPPLEMENTAL INFORMATION

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 1998

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.

ACCOUNTANT'S REPORT ON AGREED UPON PROCEDURES

Durden and Alonzo

CERTIFIED PUBLIC ACCOUNTANTS

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(504) 839-4413
FAX (504) 839-4402

William R. Durden

Donna W. Alonzo

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Washington Parish Fire Protection District #2
Richardson, LA 70438

Gentlemen:

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Washington Parish Fire Protection District #2, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the district's compliance with certain laws and regulations during the year ended December 31, 1998, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The District did not enter into any transactions during the year ended December 31, 1998 requiring application of the Public Bid Law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list of immediate family members of Board members and their outside business interests.

3. Obtain from management a listing of all employees paid during the period under examination.

The District does not employ any compensated employees, therefore this procedure was not performed

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in procedure (2) as immediate family members.

Our examination did not reveal any related party relationships involving transactions that would constitute a violation of the Code of Ethics for Public Officials and Public Employees.

Budgeting

5. Obtain a copy of the legally adopted original budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments.

6. Trace the budget adoption and amendments to the minute book.

Minutes for the November and December 1997 board of commissioner meetings, when the budget was introduced and adopted, were not available for our examination.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the original budget to actual revenues and expenditures. Actual net revenues and net operating expenditures were found to be within acceptable variances from the budget, therefore amendment was not needed.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee for five of the six disbursements, for one, proper documentation could not be located.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

Five of the six payments we examined were coded to the correct general ledger accounts and proper fund, however for the other disbursement, we could not locate documentation to determine if it was properly recorded.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting the six selected disbursements indicates approval to purchase from the Board of Commissioners, except for one disbursement, which documentation could not be located.

The District failed to file the proper annual report, a compilation with attestation report on agreed upon procedures regarding compliance with applicable laws and regulations by the required due date.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1-12 (the open meetings law).

From the evidence examined and through inquiry, it appears that Washington Parish Fire Protection District No. 2 does not maintain agendas for meetings or post them with notices of the meetings.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We examined all bank deposits on the bank statement for each account for the period under examination, there was one deposit for bond proceeds in the amount of \$450,000. We examined documentation from the Bond Commission granting approval for the District to incur the indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The District does not employ any compensated employees.

Prior Comments and Recommendations

12. Our procedures included a review of any prior year suggestions, recommendations, and/or comments and will indicate the extent to which such matters have been resolved.
- a. The year ended December 31, 1998 was the first time the District was required to have an attestation engagement regarding compliance with laws and regulations, therefore, there were no prior year comments and recommendations to review.

We were not engaged to, and did not, perform an audit examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Washington Parish Fire Protection District No. 2, the Legislative Auditor, State of Louisiana and the Washington Parish Government and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.



Durden and Alonzo
Certified Public Accountants

September 20, 1999

MANAGEMENT'S REPRESENTATIONS

WASHINGTON PARISH FIRE PROTECTION DISTRICT #2
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 1998

SECTION I - INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

1998-1 Finding: Minutes of the November and December 1997 Board of Commissioner meetings, when the budget was introduced and adopted, were not available for our examination.

Recommendation: The District should maintain all minutes of meetings in a safe location and all actions taken by the board should be included in the minutes.

Management's response: Management will be more conscientious regarding the safekeeping of minutes and inclusion of important motions regarding the budget and other official actions of the board.

1998-2 Finding: Proper documentation could not be located for all items tested. Required financial statement filings with the Legislative Auditor's Office was not in compliance.


Recommendation: The District should maintain proper documentation for all expenditures. The correct type of annual financial engagement should be filed with the Legislative Auditor's Office by June 30th each year.

Management's response: Management will give special attention to the proper documentation and approval of expenditures. We will also comply with the reporting requirement as set forth in LSA-RS 24:514 for future reports.

1998-3 Finding: From the evidence examined and through inquiry, it appears that Washington Parish Fire Protection District # 2 does not prepare agendas for meetings or post public notice of their meetings.

Recommendation: The District should prepare an agenda for each meeting of the business to be discussed and post it outside the firehouse giving notice of the place, date and time of the meeting.

Management's response: Management will begin preparing an agenda of the business to be discussed and post it along with a notice stating the date, place and time of our monthly and any special meetings.


Dewey Fussell, Chairman
Washington Parish Fire Protection District #2

September 30, 1999

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

FROM: Washington Parish Fire
Protection District No. 2
Richardson, Louisiana

TO: DURDEN AND ALONZO, CPAS

In connection with your compilation of our financial statements as of December 31, 1998, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 12/31/98
(date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

_____ Secretary _____ Date

_____ Treasurer _____ Date

Reverly J. Russell President Oct. 1, 1999 Date