

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

9135
RECEIVED
LEGISLATIVE AUDITOR

00 AUG 23 AM 9:42

AUDIT REPORT

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 2
Richardson, Louisiana
a component unit of
WASHINGTON PARISH GOVERNMENT

General Purpose Financial Statements
As of and for the Year
Ended December 31, 1999
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 08-30-00

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

General Purpose Financial Statements
As of and for the Year Ended December 31, 1999
With Supplemental Information Schedule

C O N T E N T S

	<u>Page No.</u>	
INDEPENDENT AUDITOR'S REPORT	1	
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	2 - 4	
FINANCIAL STATEMENTS		
ALL FUND TYPES AND ACCOUNT GROUPS:		
	<u>Statement</u>	
Combined Balance Sheet – All fund types and Account groups	A	5
GOVERNMENTAL FUNDS:		
Combined Statement of Revenues, Expenditures and Changes in Fund Balance	B	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)	C	7
NOTES TO FINANCIAL STATEMENTS		8 - 16
SUPPLEMENTAL INFORMATION		
Schedule of Compensation Paid to Board Members		17
MANAGEMENT'S OTHER REPRESENTATIONS		
Management's Corrective Action Plan		18 - 19
Schedule of Prior Year Findings		20

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 AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Washington Parish Fire Protection District #2, a component unit of Washington Parish Government, as of and for the year ended December 31, 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the Washington Parish Fire Protection District #2's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Washington Parish Fire Protection District #2, as of December 31, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2000, on our consideration of the Washington Parish Fire Protection District #2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Durden and Alonzo, CPAs
Durden and Alonzo, CPAs

August 12, 2000

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

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

To the Board of Commissioners
Washington Parish Fire Protection District #2

We have audited the general purpose financial statements of Washington Parish Fire Protection District #2, as of and for the year ended December 31, 1999, and have issued our report thereon dated August 12, 2000. We conducted our audit in accordance with 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.

Compliance

As part of obtaining reasonable assurance about whether the Washington Parish Fire Protection #2'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described as follows:

- 99-1 Public Bid Law - The District purchased 3 new firefighting trucks, for \$112,949.00 each. Evidence of documentation of advertising for bids and actual bids received could not be located. There was a cash disbursement to the parish official journal, however the invoice and affidavit of publication could not be located. Minutes of November and December 1998 board meetings could not be located, as reported in the prior year report and minutes from the January 1999, meeting made no mention of approval to advertise for bids on the three trucks and firefighting equipment to outfit them. There were no minutes or official action taken at the February 1999, meeting due to the lack of a quorum. The March 1999 minutes of the board of commissioner meeting documented that 2 bids on the trucks were received, opened, read and discussed, however, the matter was tabled and no action taken. A special meeting was held March 27, 1999, at which time, a motion was passed accepting the lower bid. It appears that the bid process was followed for the purchase of the trucks, but the procedure was not properly documented. Throughout this process there was no mention of bids on the firefighting equipment necessary to ready the trucks for use totaling \$45,841.00 that was also purchased. The bid process appears to have been omitted for this purchase.
- 99-2 Code of Professional Ethics for Public Officials and Employees -- At the January 1999 board of commissioners meeting, Secretary/Treasurer, David Breeding's resignation was

accepted, at which time he also presented the board with a bill for his labor, mileage and use of his tractor for services rendered July through November, 1998, while he was a board member, totaling \$666.30. In April 1999, Mr. Breeding submitted an invoice for payment of his bookkeeping services rendered for the District for January and February, 1999, and for the year ended December 31, 1998, "audit" in the amount of \$700.00. In August 1999, Mr. Breeding presented the board with another invoice for bookkeeping services for the months of March through June for \$400.00. The board approved each of these expenditures for payment and corresponding payment was made to Mr. Breeding during the 1999 year. These expenditures appear to represent a violation of section 1113B of the Code of Government Ethics prohibiting an appointed member of a board from entering into or being in any way interested in any contract, subcontract or other transaction under the supervision or jurisdiction of that board, and Section 1121A (2) prohibiting a former member of a board or commission, for a period of two years, from contracting with or being employed in any capacity by his former board. This matter was reported to the Board of Ethics for their review. Our procedures did reveal that Mr. Breeding repaid a portion of the sums mentioned above.

- 99-3 Accounting, Auditing and Financial Reporting Laws – The audit report for the year ended December 31, 1999, is being issued after its statutorily required due date of June 30, 2000.
- 99-4 Asset Management Laws – Adequate property records were not maintained as per LA Revised Statutes. A detailed list of assets is not maintained and therefore the corresponding identification on the actual asset has not been adhered to.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington Parish Fire Protection District #2'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Washington Parish Fire Protection District #2's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are as follows:

- 99-5 Lack of segregation of duties, same person is allowed to purchase, write checks, sign checks, present financial report, deposit funds and other bookkeeping functions.
- 99-6 Lack of control over property, the District does not maintain a detail listing of equipment it owns, who it is issued to or where it is located. The purchase of property and equipment is not always approved prior to purchase.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal

control over financial reporting that we have reported to management of the Washington Parish Fire Protection District #2 in a separate letter dated August 12, 2000.

This report is intended solely for the information and use of the management, District Board of Commissioners and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.


DURDEN AND ALONZO, CPAs

Franklinton, LA
August 12, 2000

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, 1999

	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	\$ 34,095	\$ 38,033	\$ 11,162	\$ -	\$ -	\$ -	\$ 83,290
Investments	-	-	-	-	-	-	-
Due from other funds	-	123	-	-	-	-	123
Receivables	43,242	-	40,539	-	-	-	83,781
Prepaid expense	4,106	-	-	-	-	-	4,106
Land, buildings & equipment	-	-	-	526,312	-	-	526,312
OTHER DEBITS:							
Amount available in Debt Service Fund	-	-	-	-	11,162	-	11,162
Amount to be provided for retirement of long-term obligations	-	-	-	-	428,838	-	428,838
TOTAL ASSETS AND OTHER DEBITS	\$ 81,443	\$ 38,156	\$ 51,701	\$ 526,312	\$ 440,000	\$ -	\$ 1,137,612

LIABILITIES, EQUITY, AND OTHER CREDITS

LIABILITIES:							
Accounts payable	\$ 162	\$ 491	\$ -	\$ -	\$ -	\$ -	\$ 653
Due to other funds	123	-	-	-	-	-	123
Note payable	-	-	-	-	-	-	-
General obligation bonds	-	-	-	-	440,000	-	440,000
Total Liabilities	<u>285</u>	<u>491</u>	<u>-</u>	<u>-</u>	<u>440,000</u>	<u>-</u>	<u>440,776</u>
EQUITY AND OTHER CREDITS:							
Investment in general fixed assets	-	-	-	526,312	-	-	526,312
Fund balance - unreserved	81,158	37,665	51,701	-	-	-	170,524
Total Equity and Other Credits	<u>81,158</u>	<u>37,665</u>	<u>51,701</u>	<u>526,312</u>	<u>-</u>	<u>-</u>	<u>696,836</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 81,443	\$ 38,156	\$ 51,701	\$ 526,312	\$ 440,000	\$ -	\$ 1,137,612

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, 1999

	General	Debt Service	Capital Projects	Total
REVENUES:				
Ad valorem taxes	\$ 42,602	\$ 40,037	\$ -	\$ 82,639
State revenue sharing	6,035	-	-	6,035
Interest earned	973	875	9,231	11,079
Total Revenues	<u>49,610</u>	<u>40,912</u>	<u>9,231</u>	<u>99,753</u>
EXPENDITURES:				
Fuel, gas, and oil	619	-	-	619
Insurance	8,609	-	-	8,609
Repairs and maintenance	2,026	-	-	2,026
Supplies	248	-	854	1,102
Capital Outlay	-	-	392,131	392,131
Legal and accounting	4,000	-	-	4,000
Election cost	-	-	50	-
Utilities	1,076	-	-	1,076
Office expense	77	-	-	77
Debt service:				
Principal retirement	-	14,555	-	14,555
Interest	-	19,701	-	19,701
Other	258	-	-	258
Total expenditures	<u>16,913</u>	<u>34,256</u>	<u>393,035</u>	<u>444,204</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	32,697	6,656	(383,804)	(344,451)
OTHER SOURCES (USES):				
Fund transfers	(4,831)	5,156	(325)	-
NET EXCESS (DEFICIENCY) OF REVENUE	<u>27,866</u>	<u>11,812</u>	<u>(384,129)</u>	<u>(344,451)</u>
FUND BALANCE, JANUARY 1, 1999	<u>53,292</u>	<u>39,889</u>	<u>421,794</u>	<u>514,975</u>
FUND BALANCE, DECEMBER 31, 1999	<u>\$ 81,158</u>	<u>\$ 51,701</u>	<u>\$ 37,665</u>	<u>\$ 170,524</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, 1999

	General Fund		
	Budget	Actual	Variance
REVENUES:			
Ad valorem taxes	\$ 37,000	\$ 42,602	\$ 5,602
State revenue sharing	3,750	6,035	2,285
Interest earned	500	973	473
Other revenue	-	-	-
Total Revenues	<u>41,250</u>	<u>49,610</u>	<u>8,360</u>
EXPENDITURES:			
Fuel, gas, and oil	600	619	(19)
Insurance	9000	8,609	391
Repairs and maintenance	3800	2,026	1,774
Supplies	350	248	102
Capital Outlay	2100	-	2,100
Legal and accounting	3200	4,000	(800)
Utilities	1000	1,076	(76)
Office expense	400	77	323
Other	1600	258	1,342
Total expenditures	<u>22,050</u>	<u>16,913</u>	<u>5,137</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>19,200</u>	<u>32,697</u>	<u>13,497</u>
OTHER SOURCES (USES):			
Fund transfers	(5,621)	(4,831)	(790)
NET EXCESS (DEFICIENCY) OF REVENUES	<u>\$ 13,579</u>	27,866	<u>\$ 12,707</u>
FUND BALANCE, JANUARY 1, 1999		<u>53,292</u>	
FUND BALANCE, DECEMBER 31, 1999		<u>\$ 81,158</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, 1999

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 three 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 in 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, 1999

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, 1999

- 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, 1999

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, 1999

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. These funds are accounted for in the General Fund of the District.

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. The proceeds of these funds are accounted for in the Debt Service Fund of the District.

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

Notes to the Financial Statements (Continued)
For the Year Ended December 31, 1999

1999 Assessed value of taxable property	\$ 5,542,520
8.00 mill tax (less pension deduction)	\$ 42,706
7.50 mill tax (less pension deduction)	\$ 40,037

3. CASH AND CASH EQUIVALENTS

At December 31, 1999, the District has cash and cash equivalents totaling \$83,290., as follows:

Interest-bearing demand deposits	\$ 83,290.
Total cash and cash equivalents	\$ 83,290.

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, 1999, the District had \$83,316. in deposits (collected bank balances). These deposits were secured from risk by \$83,316. of the federal deposit insurance and \$351,774. 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, 1999, 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, 1999

5. RECEIVABLES

The following is a summary of receivables at December 31, 1999:

<u>Class of receivable</u>	<u>Ad valorem Taxes</u>
General Fund	\$ 43,242.
Debt Service Fund	<u>40,539.</u>
Total Receivables	\$ <u>83,781.</u>

6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1999</u>
Fire trucks	\$ 67,745	\$ 385,586	\$ -	\$ 453,331
Buildings	28,108	-	-	28,108
Fire equipment	26,345	2,092	-	28,437
Other equipment	-	1,846	-	1,846
Radios	11,983	2,607	-	14,590
 TOTAL	 <u>\$ 134,181</u>	 <u>\$ 392,131</u>	 <u>\$</u>	 <u>\$ 526,312</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, 1999, 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, 1999

9. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

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

	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
General Obligation Bonds	\$ 450,000	-	10,000	\$ 440,000
Note payable	4,556	-	4,556	-
 TOTAL	 \$ 454,556	 -	 14,556	 \$ 440,000

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, 1999

The annual requirements to amortize all bonds and/or indebtedness outstanding at December 31, 1999 including interest of \$225,720. are as follows:

<u>Year Ending</u>	<u>General Obligation Bonds</u>	<u>Note Payable</u>	<u>Total</u>
2000	34,413	-	34,413
2001	34,143	-	34,143
2002	33,595	-	33,595
2003	33,018	-	33,018
2004	37,320	-	37,320
2005-2013	493,231	-	493,231
	<u>\$ 665,720</u>	<u>\$ -</u>	<u>\$ 665,720</u>

9. LITIGATION AND CLAIMS

As of December 31, 1999 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, 1999

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. Board Member David Breeding was paid \$1526.00, during his resignation from the board for the period January 1999 through September 1999 for bookkeeping and other services provided to the District.

MANAGEMENT'S REPRESENTATIONS

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

MANAGEMENT'S CORRECTIVE ACTION PLAN
 For the Year Ended December 31, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT	
<p>99-1 Public Bid Law - The District should adhere to the provisions of the public bid law documenting and retaining records when applicable. A bid file should be maintained documenting the process followed, bids received and accepted.</p>	<p>The two bid packages did include a request for bids on the equipment, in addition to the trucks, however, due to unsecure recordkeeping, the bid packets turned up missing, as well as the final contract for purchase. The Board will prepare a more secure arrangement at the Richardson Fire house to store financial records and will be more conscientious in following the provisions of the Public Bid Law. The President, Dewey Fussell will be responsible for securing the record keeping area and expects completion by September 15, 2000</p>
<p>99-2 Code of Professional Ethics for Public Officials and Employees - The District should refrain from conducting business with any of its board members and ex board members for a period of two years. Also the Board should review the Code of Professional Ethics and adhere to its provisions.</p>	<p>The District has terminated any compensation arrangements with board members, effective 9/30/99. The Louisiana Board of Ethics was informed of this violation and issued their opinion to the board member May 31, 2000. The District will make every effort to adhere to the provision of the Code of Professional Ethics in the future.</p>
<p>99-3 Accounting, Auditing, and Financial Reporting Laws - The annual financial report should be remitted to the Louisiana Legislative Auditor by June 30th each year.</p>	<p>The District complied with engaging an auditor to have its financial report filed in a timely manner, however, the CPA firm has experienced staffing problems in completing the engagements and we, the District, has had difficulty locating documents for the auditor. The CPA and the District will take the necessary measures to assure that this filing delinquency does not occur in the future.</p>
<p>99-4 Asset Management Laws -The District needs to compile a list of property purchased since its inception and properly identify the physical assets as the property of the Fire</p>	<p>The District Treasurer, David Breeding, is working with the volunteer firemen to compile a list of the property owned currently by the fire district. Efforts are being taken to improve control over assets of</p>

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

MANAGEMENT'S CORRECTIVE ACTION PLAN
 For the Year Ended December 31, 1999

SECTION I, Continued	
<p>District and number to correlate to the listing. Additions each year should be added to this list and properly identified. Also items disposed of or otherwise not identifiable should be removed from the records of the District.</p>	<p>the District, to identify them properly and correlate them to a physical list. We expect this list to be complete by June 30, 2001.</p>
<p>99-5 Lack of Segregation of Duties - The District Board, as a whole, should authorize purchasing, prior to items being purchased. This approval should be documented in the minutes of board meetings. "Blanket" approvals to purchase should not be given to the board member who also writes and signs checks. Two signatures should be required on all checks. Invoices should be presented for payment at board meetings and initialled or signed by two board members not involved in the check writing process.</p>	<p>The District board will compose a written purchase policy and remove blanket approvals to purchase. This policy will require that any disbursement of funds, other than in an emergency, in excess of \$50.00 be preapproved by the board. They will require two signatures of board members on checks and two members other than the treasurer to sign, or initial the bills to be paid. The Treasurer and President of the board will work to develop this policy and introduce for acceptance at the September 12, 2000 meeting.</p>
<p>99-6 Lack of control over property - same as 99-4</p>	
SECTION II MANAGEMENT LETTER	
<p>99-7 Minutes of Meetings - Care should be taken to include all actions taken by the board in the minutes of its meetings.</p>	<p>Management will make a conscientious effort to include all official actions in the minutes of our meetings effective with our September 2000 meeting.</p>
<p>99-8 Timely Deposits - Deposits should be made within 3 banking days of receipt of funds.</p>	<p>The Treasurer has, for the year of 2000 made a practice of depositing in a more timely fashion.</p>
<p>99-9 Retention and documentation of disbursements - The District board should prepare a place for retention and storage of documents relating to financial reporting.</p>	<p>see managements response to 99-1.</p>

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

SCHEDULE OF PRIOR YEAR FINDINGS
 For the Year Ended December 31, 1999

SECTION I INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES	
1998-1 Minutes of meetings - The district should document all official business and maintain all minutes of meetings in a safe location.	Partially resolved, see current year finding 99-7.
1998-2 Proper documentation/Timely filing of annual financial statements - The District should maintain proper documentation for all expenditures and its annual financial statement engagement should be filed with the Louisiana Legislative Auditor by June 30 each year.	Partially resolved, see current year finding 99-10 - proper documentation; Unresolved, current year finding 99-3.
1998-3 Notice of public meeting - Written public notice of any regular or special meeting, including the date, time and place of the meeting and agenda of business to be conducted, should be posted at the building in which the meeting is to be held no less than 24 hours before the meeting.	Resolved.

William R. Durden

Donna W. Alonzo

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

Gentlemen:

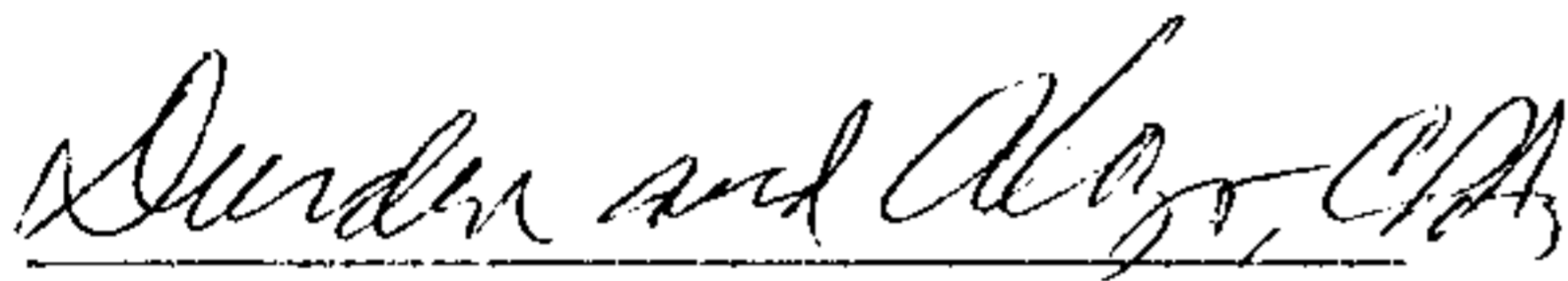
The firm of Durden and Alonzo, CPAs would like to thank you for the opportunity to perform the audit of your financial statements for the year ended December 31, 1999. Your assistance throughout this engagement has been most appreciated. The purpose of our examination was to express an opinion on the fair presentation of your financial statements, which we did in our report dated August 12, 2000. Also, in accordance with generally accepted auditing standards, we are required to examine your internal controls over financial statement content and presentation to determine if they are adequate to provide reliance that sufficient competent evidential matter may be obtained to support the financial statements without material misstatement. In this examination, matters came to our attention which were reportable conditions, reported to you in the Auditors Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*. There were also immaterial instances of weaknesses in Internal Control that we are required to report to you in this letter. They are as follows:

- 99-7 Minutes of meetings – The minutes of the Board of Commissioner meetings were much improved over the prior year, as there were minutes for each of the official meetings, however, the content appears to be lacking, ex.: approval to advertise for bids on the three pumper trucks. Care needs to be taken to include all official acts of the board, especially the approval to purchase, documenting amounts and items to be purchased and approval of the original and any amendments to the budget.
- 99-8 Timely Deposits – Deposits of revenues should be made on a timely basis, normally within 3 banking days of receipt. Also, documentation of all receipts should be maintained to support the source of funds.
- 99-9 Retention and documentation of disbursements – The board should prepare a place for retention and storage of documents relating to the financial and operating activities of the District. State law requires each disbursement of funds to be properly documented and for those documents to become a permanent part of the agency's records. While the documentation process appears to have improved over the prior year, there were disbursements for which supporting documentation could not be located.

Implementation of our recommendations to these findings and the others as reported in the Auditors' other reports will serve to strengthen the Districts' internal control over financial reporting and assist in its compliance with applicable laws and regulations.

Thank you again for allowing us to be of assistance to the Washington Parish Fire Protection District #2 for your audit of the year ended December 31, 1999. If we can be of assistance in implementing any of the suggestions to remedy the internal control weaknesses or compliance matters, please do not hesitate to contact us. We look forward to serving you in future engagements.

Sincerely,

A handwritten signature in cursive script that reads "Durden and Alonzo, CPAs". The signature is written in black ink and is positioned above a horizontal line.

Durden and Alonzo
Certified Public Accountants

August 12, 2000