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**WASHINGTON PARISH FIRE PROTECTION
DISTRICT NO. 1
Franklinton, Louisiana**

**Annual Financial Statements
As of and for the Year
Ended December 31, 2007**

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 7-16-08

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2007

TABLE OF CONTENTS

	Statement	Schedule	<u>Page No</u>
Independent Auditor's Report			1
Required Supplemental Information (Part I)			
Management's Discussion and Analysis			3
Basic Financial Statements:			
Government-Wide Financial Statements			
Statement of Net Assets	A		9
Statement of Activities	B		10
Fund Financial Statements:			
Governmental Fund Financial Statements			
Balance Sheet	C		11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	D		12
Statement of Revenues, Expenditures and Changes in Fund Balances	E		13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F		14
Notes to the Financial Statements			15
Required Supplemental Information (Part II)			
Schedule of Receipts, Disbursements and Changes in Cash Balance - Budget (Cash Basis) and Actual - General Fund		1	24
Other Supplemental Information:			
Schedule of Board Members		2	26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>			27
Corrective Action Plan for Current Year Audit Findings			29

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Washington Parish Fire Protection District No. 1
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities and each major fund of the Washington Parish Fire Protection District No. 1, a component unit of the Washington Parish Government, as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Washington Parish Fire Protection District No. 1's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Washington Parish Fire Protection District No. 1 as of December 31, 2007, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2008 on my consideration of the Washington Parish Fire Protection District No. 1's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of

an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and on pages 24 and 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Jerry L Heck".

June 26, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Management's Discussion and Analysis

Washington Parish Fire Protection District No. 1 is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards 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.

The Management's Discussion and Analysis (MD&A) is designed to:

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

The information contained within this MD&A should be considered only as part of a whole. The reader of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A. This discussion and analysis does not include comparative data as all government-wide data is not available for prior years. Comparative analysis will be provided in future years when prior year information is available.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the 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 required supplementary information and other supplementary information in addition to the 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 presented using the accrual basis of accounting.

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 net 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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Management's Discussion and Analysis

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 District uses a general fund and a debt service fund. The modified accrual basis of accounting is used by the governmental funds.

Notes to financial statements. The notes to the financial statements provide required disclosure essential to understanding 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.

Financial Highlights

- At December 31, 2007, the District recorded total net assets (assets less liabilities) of \$604,038. The largest component of net assets was "invested in capital assets, net of related debt" of \$352,718.
- Ad valorem taxes of \$169,014 increased 96% over 2006 due to a millage increase and an increase in taxable value of assessed property.
- The District's long-term debt at December 31, 2007 is \$735,000.
- Proceeds received from bonds issued during 2007 was \$735,000.

Financial Analysis

Statement of Net Assets

Included below is a condensed Statement of Net Assets for the District. The condensed format allows the reader to view the overall financial position of the District. An explanation of the components of this statement is included immediately following the table.

Condensed Statement of Net Assets

	December 31, <u>2007</u>
Assets	
Current and Other Assets	\$ 386,776
Capital Assets, Net	<u>959,152</u>
Total Assets	<u>\$ 1,345,928</u>
Liabilities	
Current Liabilities	\$ 6,890
Long-Term Liabilities	<u>735,000</u>
Total Liabilities	<u>741,890</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Management's Discussion and Analysis

Net Assets

Invested in Capital Assets, Net of Related Debt	352,718
Restricted for Debt Service	93,682
Unrestricted	<u>157,638</u>
Total Net Assets	<u>\$ 604,038</u>

Government-Wide Review of Condensed Statement of Net Assets

The composition of net assets and the change in net assets over time serves as a useful indicator of a government's financial position. The District's assets at fiscal year-end exceed liabilities by \$604,038 (net assets). Of the District's net assets, \$93,682 is Restricted Net Assets consisting of funds for debt service. The balance of net assets includes \$352,718 Invested in Capital Assets, Net of Related Debt, and \$157,638 in Unrestricted Net Assets.

The largest category of net assets is Invested in Capital Assets, Net of Related Debt, totaling \$352,718 or 58.39% of net assets. This category reflects the total invested in capital assets (land, buildings, equipment, etc.) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent assets available for future spending.

The second largest category of net assets is Unrestricted Assets, totaling \$157,638 or 26.10% of net assets. These assets are available to meet the ongoing needs of the District.

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

Condensed Statement of Activities

	Year Ended <u>December 31, 2007</u>
Program Expenses	
Public Safety	<u>\$ 118,991</u>
General Revenues	
Ad valorem taxes	169,014
Federal grant	85,500
Other revenues	<u>52,033</u>
Total Revenues	<u>306,547</u>
Change in Net Assets	187,556
Net Assets, beginning of the year, as restated	<u>416,482</u>
Net Assets, end of the year	<u>\$ 604,038</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Management's Discussion and Analysis

Significant categories of the Statement of Activities are noted below:

- Ad valorem taxes of \$169,014 is the most significant revenue source for the fiscal year ending December 31, 2007, at 55.13% of total revenue. The next largest revenue source is federal grant at \$85,500 (27.89% of total revenue).
- The major expense within the statement of activities is depreciation of \$57,776 (48.55% of total expenses), followed by insurance expense at \$21,474 (18.05%). Professional fees of \$12,965, repairs and maintenance of \$8,390 and deductions for pensions of \$5,587 are 22.64 % of total expenses.

Analysis of Fund Financial Statements

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

As of December 31, 2007, the District's governmental funds reported a combined ending fund balance of \$363,113, an increase of \$200,667 in comparison with the prior year. Approximately 44.31 percent of this total (\$160,886) constitutes unreserved fund balance, which is available for spending at the District's discretion. A portion of the fund balance in the amount of \$108,545 is reserved for capital projects and acquisitions. The remainder of the fund balance, \$93,682, is reserved to indicate that is not available for new spending because it is committed for debt service.

The General Fund is the primary operating fund of the District. At the end of 2007, the unreserved balance was \$160,886. For the year 2007, the fund balance increased by \$26,138.

Budgetary Highlights

The District has a formal policy on adopting a budget. The District prepares the budget on the cash basis of accounting. The budget for year ending December 31, 2007, was adopted at the District's December 11, 2006, regular meeting. The budget was amended at a District's special meeting on December 10, 2007. All appropriations lapse at year-end.

Capital Assets

At the end of the fiscal year December 31, 2007, the District had \$959,152 (net of accumulated depreciation) 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 capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Fire Stations	40 years
Fire Trucks and Other Truck	5-20 years
Equipment	5-15 years

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Management's Discussion and Analysis

Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are recorded at fair market value on the date donated.

Capital asset balances for the year ended December 31, 2007 follow:

	12/31/07
Land	\$ 20,889
Fire houses	94,213
Fire trucks and vehicles	870,653
Equipment	248,587
Subtotal	1,234,342
Less Accumulated	
Depreciation	(275,190)
Net Capital Assets	\$ 959,152

For the period ended December 31, 2007, capital additions consisted of land donated to the District with an estimated fair market value of \$18,000, a 1999 Chevy Suburban was purchased for \$11,926, a brush truck purchased for \$90,027, a rescue truck purchased for \$94,051, three fire engines purchased for \$503,296 and purchases of various fire equipment for \$19,340.

Long-Term Debt

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

A schedule of changes in the long-term debt obligations for the District during 2007 follows:

	Balance 12/31/2006	Additions	Deductions	Balance 12/31/2007
Obligation Bonds	\$ 13,000	\$ 735,000	\$ 13,000	\$ 735,000
Certificate of Indebtedness	13,251		13,251	
	\$ 26,251	\$ 735,000	\$ 26,251	\$ 735,000

Economic Factors and Next Year's Budget

The primary source of revenue for Washington Parish Fire Protection District No. 1 is ad valorem taxes. It is expected that 2008 tax revenues will increase slightly due to continued economic growth in the parish.

The District is planning to purchase a tanker using amounts restricted for capital projects. If funds are available, the District plans to build a new fire station (on the land that was donated to it during 2007) in order to better serve the Meadows Subdivision area.

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana**

Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of Washington Parish Fire Protection District No. 1's finances and to demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at 43139 CE Stafford Road, Franklinton, LA 70438.

BASIC FINANCIAL STATEMENTS

STATEMENT A

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana
Statement of Net Assets
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash	\$ 184,059
Receivables	185,944
Unamortized bond issue costs	16,773
Capital assets	
Land	20,889
Buildings and Improvements	94,213
Vehicles	870,653
Equipment	248,587
Accumulated depreciation	<u>(275,190)</u>
Total Assets	1,345,928
Liabilities	
Accounts payable	1,303
Pension deduction from ad valorem tax	5,587
Long-term debt due in one year	15,000
Long-term debt due more than one year	<u>720,000</u>
Total Liabilities	<u>741,890</u>
Net Assets	
Invested in capital assets, net of related debt	352,718
Restricted for debt service	93,682
Unrestricted	<u>157,638</u>
Total Net Assets	<u>\$ 604,038</u>

See accompanying notes.

STATEMENT B

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1

Franklinton, Louisiana

Statement of Activities

For the Year Ended December 31, 2007

Program Expenses

Public Safety:

Fuel, gas, and oil	\$ 2,539
Repairs and maintenance	8,390
Depreciation	57,776
Insurance	21,474
Professional fees	12,965
Utilities	2,483
Telephone	1,729
Training	68
Deductions for pensions	5,587
Amortization bond issue costs	987
Interest	1,001
Other	<u>3,992</u>
Total Program Expenses	<u>118,991</u>

General Revenues:

Ad valorem taxes	169,014
State revenue sharing	8,595
Insurance rebate	4,476
Federal grant	85,500
Interest earned	18,179
Other revenues	2,783
Donated capital asset	<u>18,000</u>
Total Revenues	<u>306,547</u>

Change in Net Assets 187,556

Net Assets, beginning of year, as restated 416,482

Net Assets, end of year \$ 604,038

See accompanying notes.

STATEMENT C

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Assets				
Cash	\$ 66,098	\$ 108,545	\$ 9,416	\$ 184,059
Receivables	102,809	-	83,135	185,944
Due from other funds	-	-	3,821	3,821
Total Assets	<u>\$ 168,907</u>	<u>\$ 108,545</u>	<u>\$ 96,372</u>	<u>\$ 373,824</u>
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,303	\$ -	\$ -	\$ 1,303
Pension deduction from ad valorem tax	2,897	-	2,690	5,587
Due to other funds	3,821	-	-	3,821
Total Liabilities	<u>8,021</u>	<u>-</u>	<u>2,690</u>	<u>10,711</u>
 Fund Balances:				
Reserved for debt service	-	-	93,682	93,682
Fund balance – unreserved	160,886	108,545	-	269,431
Total Fund Balances	<u>160,886</u>	<u>108,545</u>	<u>93,682</u>	<u>363,113</u>
 Total Liabilities and Fund Balances	<u>\$ 168,907</u>	<u>\$ 108,545</u>	<u>\$ 96,372</u>	<u>\$ 373,824</u>

See accompanying notes.

STATEMENT D

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
December 31, 2007

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

Fund Balances, Total Governmental Funds (Statement C) \$ 363,113

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets net of depreciation 959,152

Long-term liabilities are not reported in the governmental funds.

Long-term liabilities (735,000)

Bond issue costs were reported as an expenditure in the governmental fund, but the bond issue cost is presented as an asset in the statement of net assets and amortized over the life of the related bond.

Bond issue cost, net of accumulated amortization 16,773

Net Assets of Governmental Activities (Statement A) \$ 604,038

See accompanying notes.

STATEMENT E

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:				
Ad valorem taxes	\$ 87,397	\$ -	\$ 81,617	\$ 169,014
State revenue sharing	8,595	-	-	8,595
Insurance rebate	4,476	-	-	4,476
Federal grant	85,500	-	-	85,500
Interest earned	3,224	14,513	442	18,179
Other revenues	2,783	-	-	2,783
Total Revenues	<u>191,975</u>	<u>14,513</u>	<u>82,059</u>	<u>288,547</u>
Expenditures:				
Fuel, gas and oil	2,539	-	-	2,539
Repairs and maintenance	8,390	-	-	8,390
Capital outlay	95,433	623,207	-	718,640
Insurance	21,474	-	-	21,474
Professional fees	12,965	-	-	12,965
Utilities	2,483	-	-	2,483
Telephone	1,729	-	-	1,729
Training	68	-	-	68
Deductions for pensions	2,897	-	2,690	5,587
Debt service:				
Principal retirement	13,251	-	13,000	26,251
Interest	660	-	341	1,001
Bond issuance costs	-	17,761	-	17,761
Other	3,948	-	44	3,992
Total Expenditures	<u>165,837</u>	<u>640,968</u>	<u>16,075</u>	<u>822,880</u>
Excess of revenues over (under) expenditures	26,138	(626,455)	65,984	(534,333)
Other financing sources (uses):				
Bond issuance	-	735,000	-	735,000
Net change in fund balances	26,138	108,545	65,984	200,667
Fund balances, beginning of year	134,748	-	27,698	162,446
Fund balances, end of year	<u>\$ 160,886</u>	<u>\$ 108,545</u>	<u>\$ 93,682</u>	<u>\$ 363,113</u>

See accompanying notes.

STATEMENT F

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended December 31, 2007

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

Net change in fund balances, total governmental funds
(Statement E) \$ 200,667

Governmental funds report capital outlay as expenditures.
However, in the statement of activities the costs of assets
are allocated over their estimated useful lives and reported
as depreciation expense.

Capital outlay	\$ 718,640	
Depreciation expense	(57,776)	660,864

Governmental funds do not report donated capital assets.
However, in the statement of activities, donated capital
assets are reported at fair value .

18,000

This issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
principal of long-term debt consumes current financial
resources but is not an expense

Debt principal	(735,000)	
Repayment of debt	<u>26,251</u>	(708,749)

The governmental fund reports bond issue cost as an
expenditure; whereas the statement of activities reports
the bond issue cost as an asset, net of amortization expense.

Increase in bond issue costs	<u>16,774</u>	
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Changes in net assets of governmental activities (Statement B) \$ 187,556

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

INTRODUCTION

The Washington Parish Fire Protection District No. 1 was created on May 8, 1985 by the Washington Parish Government (formerly Police Jury) as provided by Louisiana Revised Statute 40:1492. The District is responsible for fire protection in the southwestern corner of Washington Parish.

The board of commissioners is responsible for the operation and maintenance of the District. The board consist of five members appointed by the governing authority of Washington Parish. Each member must be an elector of Washington Parish and a resident of the District. The members serve staggered five-year terms, as fixed by the governing authority, without compensation.

The District covers approximately sixty-two square miles in the southwestern corner of Washington Parish and serves approximately 1,200 people. The District operates out of three fire stations which are located as follows: Station No. 1 (Bonner Creek Station) located at 43139 C. E. Stafford Rd, Station No. 2 (Bethel Station) located at 19151 Pettitt Road and Station No. 3 (San Pedro Station) located at 15063 Hwy. 450. The District has no employees and operates with a voluntary staff of fire fighters.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The District is a component unit of the Washington Parish Government, the financial reporting entity. The Washington Parish Government is financially accountable for the District because it appoints the District's board and has the ability to impose its will on them.

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

B. Implementation of New Accounting Standards

For the year ended December 31, 2007 the District implemented GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34). This statement affects the manner in which the District presents financial information.

State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB 34 establishes new requirements and a new reporting model, much like private-sector financial reports, for the annual financial reports of state and local governments. The new format was developed to make annual reports of state and local governments easier to understand and more useful to users of governmental financial information.

Management's Discussion and Analysis-GASB 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of management's discussion and analysis (MD&A).

Government-Wide Financial Statements-The reporting model includes financial statements prepared using full

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

accrual accounting for all the District's activities. This approach includes not just current assets and liabilities, but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Government-wide financial statements include the following:

Statement of Net Assets-The statement of net assets is designed to display the financial position of the District. The District reports capital assets in the government-wide statement of net assets and reports depreciation expense-the cost of "using up" capital assets-in the statement of activities. The net assets of the District are broken down into three categories-1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities-The statement of activities reports expenses and revenues in a format that focuses on the cost of the District's functions. Accordingly, the District has recorded capital assets and certain other long-term assets and liabilities in the statement of net assets and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

The following presents the beginning net assets as restated for the effects of implementing GASB Statement No. 34:

Fund balance at December 31, 2006		
Governmental funds		\$ 162,446
Add: Capital assets at December 31, 2006	\$ 575,949	
Adjustments at December 31, 2006	(78,248)	
Balance, December 31, 2006		
as adjusted	497,701	
Accumulated depreciation	(217,414)	
Net assets at December 31, 2006	280,287	
Less related debt	(26,251)	<u>254,036</u>
Net assets, beginning of year, as restated		<u>\$ 416,482</u>

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental activities of Washington Parish Fire Protection District No. 1.. The effect of inter-fund activity has been removed from these statements. The District does not have any business-type activities and reports only governmental activities. Governmental activities are supported by ad valorem tax collections dedicated to acquire fire protection equipment and to provide support of fire protection activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District reports only general revenues.

All individual governmental funds are reported as separate columns in the fund financial statements.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest earnings on time deposits are recorded when the time deposits have matured and the interest is available. State revenue sharing is appropriated by the legislature at the end of the calendar year and is recorded in the year of appropriation. All other revenue items are considered to be measurable and available only when cash is received by the government.

Washington Parish Fire District No. 1 reports the following governmental funds:

General Fund

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

Debt Service Fund

The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital Projects Fund

The capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

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

E. Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. Receivables

Receivables are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

G. Due To/From Other Funds

These amounts represent ad valorem taxes of the debt service fund deposited in the general fund.

H. Restricted Assets

These accounts contain resources for debt service.

I. Capital Assets

Capital assets, which include land, buildings, and equipment are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market values at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing assets.

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

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

Fire Stations	40 Years
Fire Trucks and Other Trucks	5-15 Years
Equipment, Furniture and Fixtures	5-15 Years

J. Long-Term Obligations

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

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

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

K. Fund Equity

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

L. Estimates

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

NOTE 2 - LEVIED TAXES

On November 7, 2006, the voters of the District passed a 10 year, 8.46 mill property tax renewal for acquiring, construction, improving, and/or operating fire protection facilities and equipment in and for the District, including the cost of obtaining water for fire protection purposes.

On November 7, 2006, the voters of the District passed a 10 year, 5 mill property tax renewal for acquiring, construction, improving, maintaining and/or operation fire protection facilities and equipment in and for the District, including the cost of obtaining water for fire protection purposes.

On November 7, 2006 the voters of the District authorized the District to incur debt and issue \$735,000 of 15-year general obligation bonds for acquiring, constructing, and improving buildings, machinery and equipment. The bonds will be payable from ad valorem taxes to be levied and collected. In 2007, the rate was 12.5 mill.

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

The following are the principal taxpayers in the parish:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1. Temple Inland	Paper mill	\$ 19,672,040	10%
2. Florida Gas Transmission Co.	Pipeline	10,099,280	5
3. Entergy Louisiana, Inc.	Utility	<u>9,313,480</u>	<u>5</u>
Total		<u>\$ 39,084,800</u>	<u>20%</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

The total assessed valuation for all taxpayers at December 31, 2007, was \$198,679,880. This figure was used in calculating the percentage of the "assessed valuation of each of the largest taxpayers" to the "total assessed valuation for all taxpayers".

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information

The budget for the year ending December 31, 2007, was adopted at the District's regular meeting on December 11, 2006. The budget was amended at a special meeting on December 10, 2007. The District's amended budgeted expenditures in the general fund was \$165,600. Act 552 of the 2004 Legislative Session eliminated the public participation requirement for general funds with less than \$500,000 in expenditures. The budget is prepared and reported on the cash basis of accounting. All appropriations lapse at year-end. Formal budget integration (within the accounting records) is employed as a management control device. Changes or amendments are made upon approval of the board of commissioners. The District does not use encumbrance accounting.

NOTE 4 – CASH

At December 31, 2007, the District has cash (book balances) totaling \$ 184,059 as follows:

Demand deposits	\$ -
Interest bearing demand deposits	148,799
Time deposits	<u>35,260</u>
Total cash	<u>\$ 184,059</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 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, 2007, the Washington Parish Fire Protection District No. 1 had \$184,059 in deposits (collected bank balances). These deposits are secured from risk by \$135,260 of federal deposit insurance and \$358,221 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

NOTE 5 - RECEIVABLES

Receivables of \$185,944 at December 31, 2007 are as follows:

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Ad valorem taxes	\$ 94,214	\$ 83,135	\$ 177,349
State revenue sharing	<u>8,595</u>	-	<u>8,595</u>
Total	<u>\$ 102,809</u>	<u>\$ 83,135</u>	<u>\$ 185,944</u>

NOTE 6 - CAPITAL ASSETS

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
Cost at December 31, 2006 (as reported in the general fixed asset account group)	\$ 2,889	\$ 94,213	\$ 478,847	\$ 575,949
Items below the established capitalization threshold for capital assets and adjustments	-	-	(78,247)	(78,247)
Capital assets, December 31, 2006	2,889	94,213	400,600	497,702
Accumulated depreciation, December 31, 2006	-	(25,584)	(191,830)	(217,414)
Capital assets, net of accumulated depreciation, at December 31, 2006	<u>\$ 2,889</u>	<u>\$ 68,629</u>	<u>\$ 208,770</u>	<u>\$ 280,288</u>

Capital assets and depreciation activity as of and for the year ended December 31, 2007 are as follows:

	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
Capital assets, December 31, 2006	\$ 2,889	\$ 94,213	\$ 400,600	\$ 497,702
Additions	18,000	-	718,640	736,640
Deletions	-	-	-	-
Capital assets, December 31, 2007	20,889	94,213	1,119,240	1,234,342
Accumulated depreciation, December 31, 2006	-	(25,584)	(191,830)	(217,414)
Additions	-	(2,043)	(55,733)	(57,776)
Deletions	-	-	-	-
Accumulated depreciation, December 31, 2007	-	(27,627)	(247,563)	(275,190)
Capital assets, net of accumulated depreciation, at December 31, 2007	<u>\$ 20,889</u>	<u>\$ 66,586</u>	<u>\$ 871,677</u>	<u>\$ 959,152</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2007:

	<u>December 31, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2007</u>
1997 General Obligation Bonds	\$ 13,000	\$ -	\$ 13,000	\$ -
2002 Certificate of Indebtedness	13,251	-	13,251	-
2007 General Obligation Bonds	<u>-</u>	<u>735,000</u>	<u>-</u>	<u>735,000</u>
Total	<u>\$ 26,251</u>	<u>\$ 735,000</u>	<u>\$ 26,251</u>	<u>\$ 735,000</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations at December 31, 2007:

	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
2007 General Obligation Bonds	<u>\$ 15,000</u>	<u>\$ 720,000</u>	<u>\$ 735,000</u>

All District bonds outstanding at December 31, 2007 are general obligation bonds with maturities from March 1, 2008 to March 1, 2022 and interest rates from .10% to 4.95 %. Bond principal and interest payable in 2008 are \$15,000 and \$42,577, respectively.

All principal and interest requirements are funded in accordance with Louisiana law by the annual ad valorem tax levy on taxable property within the District. At December 31, 2007, the Washington Parish Fire Protection District No. 1 has accumulated \$93,682 in the debt service fund for future debt requirements. The bonds are due as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Totals</u>
2008	\$ 15,000	\$ 42,577	\$ 57,577
2009	35,000	28,358	63,358
2010	40,000	28,320	68,320
2011	40,000	27,900	67,900
2012	45,000	26,825	71,825
2013 – 2017	245,000	104,931	349,931
2018 – 2022	<u>315,000</u>	<u>39,034</u>	<u>354,034</u>
Total	<u>\$ 735,000</u>	<u>\$ 297,945</u>	<u>\$ 1,032,945</u>

The bonds maturing on March 1, 2018, and thereafter, are callable for redemption at the option of the issuer in full or in part at any time on or after March 1, 2017.

In accordance with R.S. 39:562, the Washington Parish Fire Protection District No. 1 is legally restricted from incurring long-term bonded debt in excess of 10% of the assessed value of taxable property. At December 31, 2007, the statutory limit is \$940,000, and the outstanding bonded debt totals \$735,000.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Notes to the Financial Statements

NOTE 8 - LITIGATION AND CLAIMS

As of December 31, 2007 the District was not involved in any outstanding litigations or claims.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to personnel; and natural disasters. These risks are covered, in part, by commercial insurance. Settlements have not exceeded insurance coverage in each of the past three years.

REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Schedule of Receipts, Disbursements and Changes in Cash Balance-Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES:				
Ad valorem taxes	\$ 70,000	\$ 71,000	\$ 70,301	(\$ 699)
State revenue sharing	6,000	4,800	4,701	(99)
Insurance rebate	4,200	4,500	4,476	(24)
Federal grant	85,500	85,500	85,500	
Interest earned	2,000	2,900	3,224	324
Other revenues		2,300	2,783	483
Total receipts	<u>167,700</u>	<u>171,000</u>	<u>170,985</u>	<u>(15)</u>
EXPENDITURES:				
Fuel, gas, and oil	4,000	2,500	2,560	(60)
Repairs and maintenance	18,000	7,900	7,949	(49)
Capital outlay	97,500	95,500	95,432	68
Insurance	23,000	22,500	21,475	1,025
Professional fees	9,000	12,000	12,905	(905)
Utilities	2,800	2,400	2,493	(93)
Telephone	2,000	1,800	1,772	28
Training	500	100	68	32
Deductions for pensions	2,200	2,300	2,357	(57)
Debt service:				
Principal retirement	14,000	14,000	13,251	749
Interest			659	(659)
Other	6,000	4,600	4,612	(12)
Total disbursements	<u>179,000</u>	<u>165,600</u>	<u>165,533</u>	<u>67</u>

See accompanying notes.

Schedule 1 (continued)

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana**

Schedule of Receipts, Disbursements and Changes in Cash Balance-Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Excess of receipts over (under) disbursements	(11,300)	5,400	5,452	52
Received from bond fund	_____	_____	986	986
Total other financing sources (uses)	_____	_____	986	986
Excess of receipts and other sources (uses) over (under) disbursements	<u>(\$ 11,300)</u>	<u>\$ 5,400</u>	6,438	<u>\$ 1,038</u>
Cash balance at beginning of year			<u>59,660</u>	
Cash balance at end of year			\$ 66,098	
Adjustments to conform to GAAP:				
Receivables, end of year			102,809	
Liabilities, end of year			<u>(8,021)</u>	
Fund balance, end of year (GAAP basis)			<u>\$ 160,886</u>	

See accompanying notes.

OTHER SUPPLEMENTAL INFORMATION

Schedule 2

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana

Schedule of Compensation Paid Board Members
For the Year Ended December 31, 2007

<u>Board Member</u>	<u>Amount</u>
Carey L. Phares, Chairman	None
Daniel Passman	None
Barry Coco	None
Jauan King	None
Ronnie Seal	None

JERRY L. HECK
Certified Public Accountant

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

To the Board of Commissioners
Washington Parish Fire Protection District No.1
Franklinton, Louisiana

I have audited the financial statements of the governmental activities and each major fund of the Washington Parish Fire Protection District No.1, a component unit of the Washington Parish Government, as of and for the year ended December 31, 2007, which collectively comprise the Washington Parish Fire Protection District No. 1's basic financial statements and have issued my report thereon dated June 26, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Washington Parish Fire Protection District No.1's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washington Parish Fire Protection District No.1's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Washington Parish Fire Protection District No.1's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Washington Parish Fire Protection District No.1's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Washington Parish Fire Protection District No.1's financial statements that is more than inconsequential will not be prevented or detected by the Washington Parish Fire Protection District No.1's internal control.

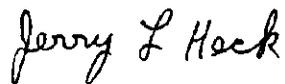
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Washington Parish Fire Protection District No.1's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Washington Parish Fire Protection District No.1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings, recommendations and corrective action plan as item 2007-1.

This report is intended solely for the information and use of the Washington Parish Fire Protection District No.1, the Washington Parish Government, and the Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



June 26, 2008

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 1
Franklinton, Louisiana**

**Current Year Audit Findings, Recommendations
And Corrective Action Plan
For the Year Ended December 31, 2007**

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

None

Section II – Compliance and Other Matters

Reference Number: 2007-1

Description of Findings:

The District purchased three \$200,000 certificates of deposit and one \$100,000 certificate of deposit for a total of \$700,000 on April 3, 2007. These certificates of deposit were closed as follows: \$100,000 on June 1, 2007, \$200,000 on September 10, 2007, \$200,000 on September 26, 2007 and \$200,000 on October 12, 2007. These certificates were secured by \$100,000 of federal deposit insurance. The remaining balance in excess of \$100,000 was unsecured and was a violation of state law.

Corrective Action Planned:

All of the certificates of deposits were closed by October 12, 2007. The funds were transferred to another bank and used to purchase fire trucks and related equipment. In the future, if large sums of money become available for investment, management of the District will consult its legal counsel and with knowledgeable bank officials before exceeding the \$100,000 in federal deposit insurance.

Name of Contact person:

Carey L. Phares

Anticipated Completion Date:

October 12, 2007

Section III – Management Letter

None