

AUDIT REPORT

**WASHINGTON PARISH
FIRE PROTECTION DISTRICT 7
a Component Unit of
WASHINGTON PARISH
GOVERNMENT
Ben's Ford, Louisiana**

General Purpose Financial Statements
As of and for the year
Ended December 31, 2002
with Supplemental Information Schedules

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

General Purpose Financial Statements
As of and for the year ended December 31, 2002
With Supplemental Information Schedule

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MEMBER
A.I.C.P.A.

INDEPENDENT AUDITOR'S REPORT

MEMBER
L.C.P.A.

Board of Commissioners
Washington Parish Fire
Protection District 7
Ben's Ford, Louisiana

I have audited the accompanying general purpose financial statements of the *Washington Parish Fire Protection District 7, a component unit of the Washington Parish Government*, as of and for the year ended December 31, 2002 as listed in the table of contents. These general purpose financial statements are the responsibility of the Washington Parish Fire Protection District 7's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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 7, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America..

In accordance with *Government Auditing Standards of the United States of America*, I have also issued my report dated June 24, 2003, on my consideration of the Washington Parish Fire Protection District 7's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.



William R. Durden, CPA

June 24, 2003

WILLIAM R. DURDEN

Certified Public Accountant

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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 7

I have audited the general purpose financial statements of Washington Parish Fire Protection District 7, as of and for the year ended December 31, 2002, and have issued my report thereon dated June 24, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Washington Parish Fire Protection District 7's general purpose financial statements are free of material misstatement, I performed tests of the District's 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However I noted certain immaterial instances of noncompliance that I have reported to management of the Washington Parish Fire Protection District 7 in a separate letter dated June 25, 2003.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Washington Parish Fire Protection District 7's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Washington Parish Fire Protection District 7'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:

(CONT'D)

2002-1 LACK OF SEGREGATION OF DUTIES REGARDING CASH TRANSACTIONS:

A lack of segregation of duties exists throughout the internal control system for Washington Parish Fire Protection District 7. The District employs one bookkeeper who writes checks, makes deposits, records transactions, reconciles bank statements, and prepares financial statements. An effective system of internal control separates the accounting functions of authorization, custody and accounting, however, the district is unable to accomplish this control with its small staff. It is not cost effective for the district to employ the number of personnel required for proper segregation of duties.

Recommendation: Proper review by management (board of commissioners) may compensate for the lack of segregated functions. The board has retained all functions of approval to purchase and signing of checks, it is important to keep these functions separate from the custody and accounting functions. The board should also review the ledger for proper coding of expenditures; examine banks reconciliation for appropriateness, mathematical accuracy and agreement with the general ledger; and perform an overall review of the financial statements. Management must perform oversight duties on a monthly or weekly basis when accounting functions can not be segregated properly.

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. My 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, I believe none of the reportable conditions described above is a material weakness. I also noted other matters involving the internal control over financial reporting that I have reported to management of the Washington Parish Fire Protection District 7 in a separate letter dated June 25, 2003.

This report is intended solely for the information and use of 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.



WILLIAM R. DURDEN, CPA

Franklinton, LA
June 25, 2003

FINANCIAL STATEMENTS

STATEMENT A

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 7
 WASHINGTON PARISH GOVERNMENT
 Ben's Ford, Louisiana

All Fund Types and Account Groups

Balance Sheet
 December 31, 2002

	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	\$ 36,905	\$ -	\$ 76,874	\$ -	\$ -	\$ -	\$ 113,779	
Investments	50,000	-	108,000	-	-	-	159,000	
Receivables	301,552	-	54,163	-	-	-	355,715	
Prepaid expense	5,461	-	-	-	-	-	5,461	
Land, buildings & equipment	-	-	-	1,649,888	-	-	1,649,888	
RESTRICTED ASSETS:								
Cash in C D-Taxes paid under protest	6,698.00	-	1,216.00	-	-	-	7,914	
OTHER DEBITS:								
Amount available in Debt Service Fund	-	-	-	-	-	185,874	185,874	
Amount to be provided for compensated absences	-	-	-	-	-	2,652	2,652	
Amount to be provided for retirement of long-term obligations	-	-	-	-	-	484,419	484,419	
TOTAL ASSETS AND OTHER DEBITS	\$ 400,616	\$ -	\$ 241,253	\$ 1,649,888	\$ 672,945	\$ 2,964,702		
LIABILITIES, EQUITY, AND OTHER CREDITS								
LIABILITIES:								
Accounts payable	\$ 16,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,016	
Payroll taxes payable	2,496	-	-	-	-	-	2,496	
Retirement contributions payable	2,338	-	-	-	-	-	2,338	
Deferred revenue	301,552	-	54,163	-	-	-	355,715	
Compensated absences	-	-	-	-	-	2,652	2,652	
Capital lease payable	-	-	-	-	-	15,293	15,293	
Certificates of indebtedness	-	-	-	-	-	105,000	105,000	
General obligation bonds	-	-	-	-	-	550,000	550,000	
Total Liabilities	322,402	-	54,163	-	672,945	1,049,510		
EQUITY AND OTHER CREDITS:								
Investment in general fixed assets	-	-	-	1,649,888	-	-	1,649,888	
Reserved for debt service	-	-	187,090	-	-	-	187,090	
Fund balance - unreserved	78,214	-	-	-	-	-	78,214	
Total Equity and Other Credits	78,214	-	187,090	1,649,888	-	-	1,915,192	
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 400,616	\$ -	\$ 241,253	\$ 1,649,888	\$ 672,945	\$ 2,964,702		

See auditor's report and accompanying notes to the financial statements.

STATEMENT B

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 7
 WASHINGTON PARISH GOVERNMENT
 Ben's Ford, Louisiana

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended December 31, 2002

	General	Debt Service	Total
Revenues:			
Ad valorem taxes	\$ 286,994	\$ 51,399	\$ 338,393
State revenue sharing	55,254	-	55,254
Contributions	-	-	-
Grant revenue	5,791	-	5,791
Interest earned	3,016	6,068	9,084
Other revenues	14,822	-	14,822
Total Revenues	<u>365,877</u>	<u>57,467</u>	<u>423,344</u>
Expenditures:			
Salaries, taxes, retirement	121,196	-	121,196
Fuel, gas, and oil	6,244	-	6,244
Insurance	26,720	-	26,720
Repairs and maintenance	14,790	-	14,790
Supplies	10,885	-	10,885
Capital outlay	44,186	-	44,186
Capital outlay-Grant funds	5,791	-	5,791
Legal and accounting	19,059	-	19,059
Utilities	14,474	-	14,474
Office expense	4,387	-	4,387
Communication expense	3,747	-	3,747
Election expense	12,618	-	12,618
Debt service:			
Principal retirement		81,078	81,078
Interest		40,324	40,324
Other	5,846	362	6,208
Total expenditures	<u>289,943</u>	<u>121,764</u>	<u>411,707</u>
Excess of revenues over (under) expenditures	75,934	(64,297)	11,637
Other financing sources (uses)			
Proceeds from capital lease		-	-
Dues reimbursement to Volunteer Dept.	(15,957)	-	(15,957)
Transfers (to) from other funds	(55,324)	55,324	-
Excess of revenues and other sources over (under) expenditures and other uses	4,653	(8,973)	(4,320)
Fund balance, January 1, 2002	<u>73,561</u>	<u>196,063</u>	<u>269,624</u>
Fund balance, December 31, 2002	<u>\$ 78,214</u>	<u>\$ 187,090</u>	<u>\$ 265,304</u>

See auditor's report and accompanying notes to the financial statements.

STATEMENT C

WASHINGTON PARISH FIRE PROTECTION DISTRICT # 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures
and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended December 31, 2002

	General Fund			
	Budget		Actual	Variance
	Original	Amended		
Revenues:				
Ad valorem taxes	\$ 289,654	\$ 287,315	\$ 286,994	\$ (321)
State revenue sharing	55,275	55,254	55,254	-
Contributions	-	-	-	-
Grant revenue	-	-	5,791	5,791
Interest earned	4,000	2,727	3,016	289
Other revenues	-	18,048	14,822	(3,226)
Total Revenues	<u>348,929</u>	<u>363,344</u>	<u>365,877</u>	<u>2,533</u>
Expenditures:				
Salaries, taxes, & benefits	119,835	121,180	121,196	16
Fuel, gas, and oil	10,000	5,800	6,244	444
Insurance	26,500	23,607	26,720	3,113
Repairs and maintenance	21,500	15,617	14,790	(827)
Supplies	15,500	11,900	10,885	(1,015)
Capital Outlay	62,355	60,000	44,186	(15,814)
Capital Outlay-Grant Funds	-	5,791	5,791	-
Legal and accounting	5,000	20,700	19,059	(1,641)
Utilities	17,000	15,000	14,474	(526)
Office expense	5,000	4,200	4,387	187
Other	27,100	12,353	22,211	9,858
Total expenditures	<u>309,790</u>	<u>296,148</u>	<u>289,943</u>	<u>(6,205)</u>
Excess of revenues and over (under) expenditures	39,139	67,196	75,934	8,738
Other financing sources (uses)				
Dues reimbursement to Volunteer Dept.				
Proceeds from capital lease	-	-	(15,957)	(15,957)
Transfers (to) from other funds	(39,139)	(119,441)	(55,324)	64,117
Excess of revenues and other sources over (under) expenditures and other uses	-	(52,245)	4,653	56,898
Fund balance, January 1, 2002	-	73,257	73,561	304
Fund balance, December 31, 2002	<u>\$ -</u>	<u>\$ 21,012</u>	<u>\$ 78,214</u>	<u>\$ 57,202</u>

See auditor's report and accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements
For the year ended December 31, 2002

INTRODUCTION

The 1991 Louisiana Legislature, pursuant to Louisiana Revised statute 40:1496.12 F, created the Washington Parish Fire Protection District Seven. 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 an eight member board that shall perform all duties, functions, and powers responsible for the operation and maintenance of the district. All funds of the district shall be administered by the board. The board of commissioner members may be paid a per diem of fifty dollars for attending meetings of the board, and may be reimbursed any expenses incurred in performing the duties imposed upon them.

The district covers 125 square miles in the southeastern corner of Washington Parish, outside of the city limits of Bogalusa, Louisiana. It serves approximately 5,479 people and businesses located within the boundaries of the district. The district operates out of six fire stations which are located as follows: Station number 1 is located in the Isabel community; station number 2, the Central Station, is located in the Ben's Ford community; station number 3 is located in Rio; station 4, located on Highway 10 just west of Bogalusa; station 5, located on Highway 439 at Lee Road; and station 6, substantially complete, is located on Highway 21. The district employs a full-time fire chief, four full-time fire fighters and a part-time clerk, but mainly operates with a 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 7 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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

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, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete

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

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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

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

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

D. BASIS OF ACCOUNTING

The modified accrual basis of accounting is used by governmental funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. Effective for financial statements issued after June 30, 2000, GASB Statement 33, Accounting and Financial reporting for Non-exchange Transactions, defines a non-exchange transaction as a transaction whereby the government gives or receives value without directly receiving or giving equal value in return. Property taxes are imposed non-exchange revenues, which result from assessments imposed on non-governmental entities including individuals. Assets should be recognized when the government has an enforceable lien or legal claim to the resources, or the resources are received, whichever occurs first. Revenues are recognized in the period when use of the resources is required or first permitted by time requirements, for example for property taxes, the period for which (budget period) they are levied, or at the same time the assets are recognized, if no time requirements have been established. Resources received or recognized as receivable before the time requirements are met should be recognized as deferred revenue. However, for revenue to be recognized under the modified accrual basis, the measurable and available criteria must also be met. Governmental funds use the following practices in recording revenues and expenditures:

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

Revenues

Revenues are recognized in the accounting period they become available and measurable. Donations and state revenue sharing is recorded when received. Ad valorem taxes become a lien against the assessed property on assessment date or levy date, therefore, a receivable is recorded at this time, however the actual amount paid to the governmental unit may not be collected until a later budget period, thus the revenue is recorded as deferred revenue and earned as collected.

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.

E. BUDGETS

The district adopted its budget for the year ended December 31, 2002, at a regular meeting held in December 2001, and the amended budget was adopted at the December 9, 2002 meeting. The original and amended budget is presented in the "budget to actual" comparison, on page 6 in these financial statements.

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

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

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. Donated assets are valued at their estimated fair market value at the date of donation.

J. COMPENSATED ABSENCES

The district has the following policy relating to vacation and sick leave for its employees:

1. Vacation Leave - The fire chief earns fifteen days for each year worked which may accumulate up to sixty days. Compensated fire fighter employees earn five days per year and may accumulate up to sixty days.
2. Sick Leave - The fire chief and any paid fire fighter are given one day per month and may accumulate with no limitation, however, the employee is not paid accumulated sick leave upon termination.

The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

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 accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

- WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

2. LEVIED TAXES

On July 20, 2002, the voters of the district renewed the ad-valorem tax proposition previously adopted in May 1993. The tax proposition was a 13-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 2002. For the period covered by these financial statements, the millage was set at 12.27 mills.

On April 3, 1993, the voters of the district passed a 4-mill property tax for the purpose of servicing the debt on general obligation bonds in the amount of \$800,000. The tax is to run 20 years, and the funds are for the purpose of acquiring, constructing and improving fire protection facilities and equipment, including fire trucks, for the district. For the period covered by these financial statements, the millage was set at 4 mills.

On July 3, 1996, the district offered a tax proposition and the voters passed a 5 mill tax for the purpose of acquiring, constructing, improving, maintaining and/or operating fire protection facilities and equipment in and for the district, including the cost of obtaining water for fire protection purposes and paying charges for fire hydrant rentals and service. The tax is for a period of 10 years beginning with the year 1996. For the period covered by these financial statements, the millage was set at 5 mills.

May 1, 1999, voters of the district approved a 10 year, 5 mill property tax for acquiring, constructing, improving, maintaining and or operating works of public improvement for fire protection purposes of the district, beginning with the year 1999. For the period covered by these financial statements, the millage was set at 5 mills.

2002 Assessed value of taxable property	<u>\$ 13,952,370</u>
12.27 mill tax (less pension deduction)	<u>\$ 166,145</u>
5.00 mill tax (less pension deduction)	<u>\$ 67,704</u>
5.00 mill tax (less pension deduction)	<u>\$ 67,704</u>
4.00 mill tax (less pension deduction)	<u>\$ 54,163</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

3. CASH AND CASH EQUIVALENTS

At December 31, 2002, the District has cash and cash equivalents totaling \$ 66,117., as follows:

Demand deposits	\$ -
Interest bearing demand deposits	113,779
Total cash and cash equivalents	<u>\$ 113,779</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2002, the district had \$289,553. in deposits (collected bank balances, including certificates of deposit). These deposits were secured from risk by \$122,640. of federal deposit insurance and \$192,405. 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, 2002, the district has investments totaling \$166,914. as follows:

Certificates of Deposit	<u>\$ 166,914</u>
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These Certificates of Deposit vary in maturity from 1 month to 6 months and bear interest at rates varying from 1.5% to 1.4%. The certificates of deposit are held by the same financial institution the District uses for its checking accounts and are included in the collected bank balances listed in note 3 regarding pledged collateral.

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

5. RECEIVABLES

The following is a summary of receivables at December 31, 2002:

Class of receivable	Ad valorem taxes		
	Current year	Prior year	Total
General Fund	\$ 301,552	\$ -	\$ 301,552
Debt Service Fund	54,163	-	54,163
Total receivables	\$ 355,715	\$ -	\$ 355,715

6. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
Fire trucks	\$ 794,192	\$ -	\$ -	\$ 794,192
Land	23,000	-	-	23,000
Buildings	541,014	32,366	-	573,380
Fire equipment	184,910	13,829	-	198,739
Office equipment	30,961	1,422	-	32,383
Other equipment	25,834	2,360	-	28,194
TOTAL	\$ 1,599,911	\$ 49,977	\$ -	\$ 1,649,888

7. PENSION PLAN

Plan description

Substantially all paid full-time firefighters of the district are members of the Louisiana Firefighters Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual financial report, which is available to the public, that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, LA 70804, or by calling (504) 925-4060.

Funding Policy

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the district is required to contribute at an actuarially determined rate. The rate for the period January-November 2002 was 9.0, and the rate beginning December 2002 was 18.25%. The calculation of the contribution is based on the applicable percentage times each month's covered payroll. The contribution requirements, of the district, are established and may be amended by state statute, as provided by actuarial valuation and are subject to change each year based on results of the valuation for the prior fiscal year.

8. COMPENSATED ABSENCES

At December 31, 2002, employees of the district have accumulated and vested \$2,652. of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded within the general long-term obligations account group.

9. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

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

	Balance January 1, 2002	Additions	Payments	Balance December 31, 2002
General Obligation Bonds	\$ 585,000	-	\$ 35,000	\$ 550,000
Certificates of Indebtedness	137,000	-	32,000	105,000
Capital lease payable	29,371	-	14,078	15,293
TOTAL	\$ 751,371	\$ -	\$ 14,078	\$ 670,293

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
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Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

General long term obligations are comprised of the following issues:

On April 3, 1993, the voters of Washington Parish Fire Protection District # 7 passed a proposition for the issuance of \$800,000 of general obligation bonds, for the purpose of acquiring, constructing, and improving fire protection facilities and equipment, including fire trucks 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 9.0% to 4.4% resulting in a net yield of 5.478276% (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 of and interest and redemption premium, on the Bonds falling due each year. A principal and interest payment is due each March 1st and an interest only payment is due September 1st.

On June 5, 1997, the district issued certificates of indebtedness to Parish National Bank in the amount of \$250,000. for the purpose of constructing a central fire station and three other buildings. These bonds will be repaid using funds received from the five mill ad valorem tax that was passed by the voters in 1996.

On March 6, 2001, the District entered into a Capital lease agreement with Consolidated Financial Resources, Inc., for the purchase of a 1991 LNT-800 Fire Truck, with a 4000 gallon stainless steel tank. The agreement requires three annual payments, due October 1 each year, in the amount of \$16,613.33. The interest rate for the three year period is fixed at 5.4%. The district shall have title to the property during the term of the agreement, except upon an event of default, in which all title, rights and/or interest immediately return to the Lessor. Purchase price of the truck at the end of the lease term is \$1.00. The agreement contains a "non-appropriation" clause, allowing the district to terminate the lease at the end of any fiscal year for which appropriations for funds for lease payments for the succeeding year cannot be obtained.

The annual requirements to amortize all bonds and/or certificates outstanding at December 31, 2002, including interest of \$194,993 are as follows:

Year Ending	General Obligation Bonds	Certificates of Indebtedness	Capital Lease	Totals
2003	\$ 63,935	\$ 38,222	\$ 16,559	\$ 118,716
2004	67,030	38,216		105,246
2005	64,940	38,091		103,031
2006	67,665			67,665
2007	65,212			65,212
2008-2013	405,362			405,362
	<u>\$ 734,144</u>	<u>\$ 114,529</u>	<u>\$ 16,559</u>	<u>\$ 865,232</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
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Notes to the Financial Statements (Continued)
For the year ended December 31, 2002

10. FIRE FIGHTING EQUIPMENT GRANT

A summary of firefighters assistance grant, included in general fund income, follows.:

Date	CFDA #	Purpose	Amount
8/15/2001	83.554	Firefighting equipment	\$ 30,987
Revenue reported in 2001			(25,196)
Revenue reported for 2002			<u>\$ 5,791</u>

The grant requires a 10% matching of the total expenditure by the district, amounting to \$3,443. In 2001, \$25,196 of the grant was disbursed. The remainder of the grant (\$5,791) and the balance of matching funds (\$3,055) were disbursed on March 1, 2002.

11. LITIGATION AND CLAIMS

As of December 31, 2002, there were no litigations or claims against the district.

12. INTERGOVERNMENTAL TRANSACTIONS

The state Office of Emergency Preparedness reimburses Fire District 7 for its cost for salaries, supplies and utilities used by the Washington Parish Office of Emergency Preparedness. For the year ended December 31, 2002, the reimbursement to Washington Parish Fire Protection District 7 from the state Office of Emergency Preparedness was \$13,371.

13. RELATED PARTY TRANSACTIONS

There were no related party transactions requiring disclosure in the financial statements.

14. SUBSEQUENT EVENTS

- a. On March 1, 2003 the District refinanced its' bond issue. The District paid off \$167,000 of the old debt of \$550,000, from funds on hand. New bonds were issued in the amount of \$383,000 with interest at the rate of 3.79% per annum. The 2003 debt service will decrease from \$63,935 (note #9) to \$57,324.
- b. The District received a check from the Firefighters' Retirement System on April 3, 2003, for \$2,046. The check represents a refund of employer contributions paid over the 9% rate for December 2002 through March 2003. The District paid an 18.25% contribution rate during this period.

SUPPLEMENTAL INFORMATION

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
WASHINGTON PARISH GOVERNMENT
Ben's Ford, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
For the year ended December 31, 2002

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members were not paid compensation in any form.

See auditor's report.

**MANAGEMENT'S CORRECTIVE ACTION PLAN
AND
SUMMARY OF PRIOR YEAR FINDINGS**

WASHINGTON PARISH FIRE PROTECTION DISTRICT 7
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SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FISCAL YEAR ENDED DECEMBER 31, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
Section 1-Compliance and Internal Control Report				
2001-1	12/31/1999	Audit report not filed timely with Legislative Auditor	Resolved	Books and records of the District were delivered to the auditor's office in March 2003 and report issued prior to June 30, 2003.
2001-2	12/31/1972	Lack of segregation of duties regarding cash transactions	Unresolved	Board will continue to monitor cash transactions.
Section II-Management Letter				
2001-3	12/31/2001	Budget not properly amended	Resolved	Board amended the 2002 budget at its December 2002 meeting. There were no unfavorable variances
2001-4	12/31/2000	Capitalization policy not formally adopted	Unresolved	Board did not adopt a capitalization policy in 2002.
2001-5	12/31/2001	Expenditures from "Volunteer" account governed by board	Resolved	Auxillary board administers the disbursements of the Volunteer account.

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Management's Corrective Action Plan
 For Current Year Findings
 For the year ended December 31, 2002

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action/Partial Corrective Action Taken
Section 1-Compliance and Internal Control Report				
2002-1	12/31/1972	Lack of segregation of duties regarding cash transactions.	Unresolved	Board will continue to monitor cash transactions.
Section II-Management Letter				
2002-2	12/31/2000	Capitalization policy not formally adopted	Resolved	Board will formally adopt the capitalization policy at their August 2003 meeting.