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WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

*Primary Government Financial Statements,
Supplemental Information, and Independent Auditor's Reports*

Year Ended December 31, 2002

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 7/20/03

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT • CERTIFIED GOVERNMENT FINANCIAL MANAGER

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

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Franklinton, Louisiana

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***AUDIT REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS***

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◊ CERTIFIED GOVERNMENT FINANCIAL MANAGER

INDEPENDENT AUDITOR'S REPORT ON THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

Washington Parish Government
Franklinton, Louisiana

I have audited the accompanying primary government financial statements of the Washington Parish Government, Franklinton, Louisiana, as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Washington Parish Government'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 *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 primary government financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Management estimates that the \$960,781 note receivable from Breedlove Farm, L.L.C. in the Enterprise Fund is fully collectible(Note 6). However, there is not sufficient evidence for me to form an opinion as to the amount that may eventually be collected.

Because of the possible significance of the matter described in the preceding paragraph, I am unable to express, and I do not express, an opinion on the financial statements of the Enterprise Fund.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In my opinion, except for the Enterprise Fund, the primary government financial

statements present fairly, in all material respects, the financial position of the primary government of the Washington Parish Government as of December 31, 2002, and the results of its operations and its cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include the financial data of component units of the Washington Parish Government do not purport to, and do not, present fairly the financial position of the Washington Parish Government as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types 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 23, 2003 on my consideration of the Washington Parish Government's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an annual audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was made for the purpose of forming an opinion on the primary government financial statements of the Washington Parish Government taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Washington Parish Government. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as whole. Also, the supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.



Certified Public Accountant

Bogalusa, Louisiana
June 23, 2003

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2002

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		ENTERPRISE	GENERAL		LONG-TERM
							ASSETS		DEBT
ASSETS AND OTHER DEBITS									
Assets:									
Cash and cash equivalents	\$ 10,634,439	\$ 2,582,019	\$ 1,913	\$ 12,881	\$ 10,790	\$	\$	\$ 13,242,042	
Restricted cash		32,008						32,008	
Investments	121,677	1,016,373	211,685					1,349,735	
Receivables	562,533	1,775,666		1,139,840				3,478,039	
Note receivable					960,781			960,781	
Due from other funds	749,595	3,107,315		7,419,766	9,320			11,285,996	
Due from other governmental units		909						909	
Net investment in joint venture		58,100						410,956	
Land, buildings, and equipment						352,856		410,956	
Other debits:						12,449,024		12,449,024	
Amount available in debt service fund							128,740	128,740	
Amount to be provided for retirement of general long-term debt							7,897,650	7,897,650	
Total assets and other debits	\$ 12,068,244	\$ 8,572,390	\$ 213,598	\$ 8,572,487	\$ 980,891	\$ 12,801,880	\$ 8,026,390	\$ 51,235,880	
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$ 222,855	\$ 314,800		\$ 563,796	\$	\$	\$	\$ 1,101,451	
Retainage payable				56,961				56,961	
Due to other funds	10,474,733	696,245	84,858	30,161				11,285,997	
Due to other governmental units	19,050	58,100		253				77,403	

(Continued)
The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2002

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	ACCOUNT GROUPS			TOTAL (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS		ENTERPRISE	GENERAL	LONG-TERM		
							FIXED ASSETS	DEBT		
Liabilities (Cont'd):										
Deferred revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Limited tax certificates of indebtedness				12,628					12,628	
Certificate of indebtedness							5,600,000		5,600,000	
Capital leases payable							2,400,000		2,400,000	
Compensated absences payable							6,925		6,925	
Total liabilities	10,716,638	1,069,145	84,858	663,799	-	-	8,026,390	19,465	20,560,830	
Fund equity:										
Investment in general fixed assets						12,801,880			12,801,880	
Retained earnings:										
Unreserved					980,891				980,891	
Fund balances:										
Reserved:										
Industrial development	50,000								50,000	
Debt service - Jail			128,740						128,740	
Contributions for road improvement		32,008							32,008	
Unreserved:										
Designated:										
Health insurance	122,701								122,701	
Construction		600,000							600,000	
Undesignated	1,178,905	6,871,237		7,908,688					15,958,830	
Total fund equity	1,351,606	7,503,245	128,740	7,908,688	980,891	12,801,880	-	-	30,675,050	
Total Liabilities and Fund Equity	\$ 12,068,244	\$ 8,572,390	\$ 213,598	\$ 6,572,487	\$ 980,891	\$ 12,801,880	\$ 8,026,390	\$	\$ 51,235,880	

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2002

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES					
Taxes:					
Ad valorem	\$ 281,122	\$ 1,340,006		\$ 1,041,186	\$ 2,662,314
Sales	3,368	2,040,618		360,619	2,404,605
Licenses and permits	142,125				142,125
Intergovernmental revenues:					
Federal funds:				29,259	29,259
State funds:					
Parish transportation funds		440,708			440,708
State revenue sharing(net)	36,655	158,303			194,958
Other	743,018	181,811		55,966	924,829
Local					
Fees, charges, etc.	132,249	1,611			133,860
Fines and forfeitures	688	109,710			110,398
Interest	10,088	120,600	848	21,938	153,474
Contributions for road improvements		20,008			20,008
Other	6,304	7,593			13,897
Total revenues	1,355,617	4,420,968	848	1,508,968	7,286,401

(Continued)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2002

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
EXPENDITURES					
Current:					
General government:					
Legislative	\$ 90,916	\$	\$	\$	90,916
Judicial	720,566	159,990			880,556
Executive	155,690				155,690
Elections	153,600				153,600
Finance and administrative	240,863				240,863
Other	26,644	103,667			130,311
Public safety	339,918				339,918
Health and welfare	48,740	284,200			332,940
Highways and streets		1,584,546			1,584,546
Sanitation		395,189			395,189
Culture and recreation	50,000	485,839			535,839
Debt service	3,851	2,261	9		6,121
Capital outlay	94,608	405,190		1,600,280	2,100,078
Total expenditures	1,925,396	3,420,882	9	1,600,280	6,946,567
Excess(deficiency) of revenues over expenditures	(569,779)	1,000,086	839	(91,312)	339,834

(Continued)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2002

	GENERAL FUND	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL (MEMORANDUM ONLY)
OTHER FINANCING SOURCES(USES)					
Operating transfers in	\$ 1,112,302	\$ 1,291,045	\$	\$	\$ 2,403,347
Operating transfers(out)	(218,263)	(2,203,347)			(2,421,610)
Increase in investment in joint venture		58,100			58,100
Excess sales tax split with other government entities		(268,427)			(268,427)
Proceeds of certificates of indebtedness				8,000,000	8,000,000
Sale of fixed assets		3,795			3,795
Total other financing sources(uses)	<u>894,039</u>	<u>(1,118,834)</u>	<u>-</u>	<u>8,000,000</u>	<u>7,775,205</u>
Excess of revenues and other financing sources over expenditures and other uses	324,260	(118,748)	839	7,908,688	8,115,039
Fund balances at beginning of year	<u>1,027,346</u>	<u>7,621,993</u>	<u>127,901</u>	<u>-</u>	<u>8,777,240</u>
Fund balances at end of year	<u>\$ 1,351,606</u>	<u>\$ 7,503,245</u>	<u>\$ 128,740</u>	<u>\$ 7,908,688</u>	<u>\$ 16,892,279</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL- GOVERNMENTAL FUNDS
For the Year Ended December 31, 2002

REVENUES	GENERAL FUND		VARIANCE - FAVORABLE (UNFAVORABLE)	SPECIAL REVENUE FUNDS		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL		BUDGET	ACTUAL	
Taxes:						
Ad valorem	\$ 281,250	\$ 281,122	\$	\$ 1,936,114	\$ 1,340,006	\$ (596,108)
Sales	5,000	3,368	(1,632)	1,063,991	2,040,618	976,627
Licenses and permits	153,696	142,125	(11,571)			
Intergovernmental revenues:						
State funds:						
Parish transportation funds				439,665	440,708	1,043
State revenue sharing(net)	49,898	36,655	(13,243)	202,569	158,303	(44,266)
Other	540,530	743,018	202,488	105,324	181,811	76,487
Fees, charges, etc.	137,600	132,249	(5,351)	1,494	1,611	117
Fines and forfeitures	1,000	688	(312)	163,361	109,710	(53,651)
Interest	5,800	10,088	4,288	144,341	120,600	(23,741)
Contributions for road improvements					20,008	20,008
Other	11,600	6,304	(5,296)	78,174	7,593	(70,581)
Total revenues	1,186,374	1,355,617	169,371	4,135,033	4,420,968	285,935

(Continued)
The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2002

	GENERAL FUND		SPECIAL REVENUE FUNDS		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	BUDGET	ACTUAL	
EXPENDITURES					
Current:					
General government:					
Legislative	\$ 69,704	\$ 90,916	\$	\$	\$ (21,212)
Judicial	624,537	720,566	159,060	159,990	(96,029)
Executive	145,083	155,690			(10,607)
Elections	110,754	153,600			(42,846)
Finance and administrative	258,393	240,863	104,766	103,667	17,530
Other	36,625	26,644			9,981
Public safety	350,486	339,918			10,568
Health and welfare	47,667	48,740			(1,073)
Highways and streets			286,964	284,200	2,764
Sanitation			1,601,574	1,584,546	17,028
Culture and recreation			508,694	395,189	113,505
Debt service	4,600	50,000	514,839	485,839	29,000
Capital outlay	68,220	3,851	2,406	2,261	145
Total expenditures	1,716,069	1,925,396	1,863,512	405,190	1,458,322
			5,041,815	3,420,882	1,620,933
Excess(deficiency) of revenues over expenditures	(529,695)	(569,779)	(906,782)	1,000,086	1,906,868

(Continued)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL- GOVERNMENTAL FUNDS
For the Year Ended December 31, 2002

	GENERAL FUND		SPECIAL REVENUE FUNDS		VARIANCE - FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	BUDGET	ACTUAL	
OTHER FINANCING SOURCES(USES)					
Operating transfers in	\$ 752,302	\$ 1,112,302	\$ 1,691,045	\$ 1,291,045	\$ (400,000)
Operating transfers(out)	-	(218,263)	(2,203,347)	(2,203,347)	-
Increase in investment in joint venture			-	58,100	(58,100)
Excess sales tax split with other government entities			(268,427)	(268,427)	-
Sale of fixed assets			3,848	3,795	(53)
Total other financing sources(uses)	<u>752,302</u>	<u>894,039</u>	<u>(776,881)</u>	<u>(1,118,834)</u>	<u>(458,153)</u>
Excess of revenues and other financing sources over expenditures and other uses	222,607	324,260	(1,683,663)	(118,748)	1,448,715
Fund balances at beginning of year	<u>812,951</u>	<u>1,027,346</u>	<u>7,772,836</u>	<u>7,621,993</u>	<u>(150,843)</u>
Fund balances at end of year	<u>\$ 1,035,558</u>	<u>\$ 1,351,606</u>	<u>\$ 6,089,173</u>	<u>\$ 7,503,245</u>	<u>\$ 1,297,872</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

STATEMENT OF REVENUE AND EXPENSES-ENTERPRISE FUND
For the Year Ended December 31, 2002

Revenue:	
Federal grant	\$ 975,000
Interest income	5,791
Other	100
Total revenues	<u>980,891</u>
Expenses	<u>-</u>
Net income	<u>\$ 980,891</u>

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

STATEMENT OF CASH FLOWS-ENTERPRISE FUND
For the Year Ended December 31, 2002

<u>Cash Flows From Operations:</u>	
Operating income (loss)	\$ 980,891
Adjustments to reconcile operating income to net cash provided by operating activities:	
(Increase) decrease in:	
Due from General Fund	(9,321)
Note receivable	<u>(960,781)</u>
Net cash flow provided by operating activities	10,789
Cash at beginning of year	<u>-</u>
Cash at end of year	<u><u>\$ 10,789</u></u>

Washington Parish Government paid interest during the year of \$0.

The accompanying notes are an integral part of this statement.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
As of and for the year ended December 31, 2002

INTRODUCTION

The Washington Parish Government is the governing authority for Washington Parish and is a political subdivision of the State of Louisiana. On November 17, 1998 a home rule charter became effective which provides for a Council President (elected parish-wide) and seven elected Councilmen representing the various districts within the parish.

Louisiana Revised Statute (R.S.) 33:1236 gives the parish government various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the power to make regulations for its own government; to regulate the construction and maintenance of roads, bridges, and drainage systems; to regulate the sale of alcoholic beverages; and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Funding to accomplish these tasks is provided by ad valorem taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants.

Washington Parish is 676 square miles, and has 540.6 miles of asphalt roads and 290.7 miles of gravel roads.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Washington Parish Government (the Government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

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 (Parish 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 (GASB) 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.

Based on the previous criteria, the Parish Government has determined that the following component units are part of the reporting entity. They have been blended because the Parish Government maintains the accounting records.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

Blended Component Unit

The Tourism Tax Fund (the Fund) was established by Ordinance No. 49 on December 29, 1992, which imposed a 3% bed and board tax to fund the Washington Parish Tourism Commission (the Commission) created earlier that year. In 1994 the 3% tax was ruled to be unconstitutional. Since the fund serves all constituents of Washington Parish, and due to the significance of the fiscal dependency relationship, it has been blended with the Parish Government's financial statements.

The Criminal Court Fund (the Fund) was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the parish treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney. The Parish Government adopts a budget for the fund. Separate financial statements are not issued for the fund since it has been historically included as a fund within the Parish Government's financial statements.

The Washington Parish Library (the Library) was established by the Parish Government on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The Library is governed by a board of control, which is appointed by the Parish Government in accordance with the provisions of Louisiana Revised Statute 25:214. Although the Library is legally separate, the Parish Government approves its budget and levies and collects ad valorem taxes dedicated to the operation of the library system. Separate financial statements are not issued for the Library since it has been historically included as a fund within the Parish Government's financial statements.

Discretely Presented Component Units

The Parish Government has chosen to issue financial statements of the primary government (Parish Government) and blended component units only; therefore, none of the following listed component units are discretely presented in the accompanying financial statements.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

<u>Component Unit</u>	<u>Fiscal Year End</u>	<u>Criteria Used</u>
Washington Parish Assessor	December 31	2
Washington Parish Clerk of Court	June 30	2
Washington Parish Sheriff	June 30	2
Riverside Medical Center-		
Hospital Service District No. 1	December 31	1
Washington Parish Gas District No. 1	December 31	1
Washington Parish Gas District No. 2	December 31	1
Bogalusa Waterworks District	December 31	1
Varnado Waterworks District	December 31	1
Fire Protection District No. 1	December 31	1
Fire Protection District No. 2	December 31	1
Fire Protection District No. 3	December 31	1
Fire Protection District No. 4	December 31	1
Fire Protection District No. 5	December 31	1
Fire Protection District No. 6	December 31	1
Fire Protection District No. 7	December 31	1
Fire Protection District No. 8	December 31	1
Mt. Hermon Fire District	December 31	1
Washington Parish Communications District	December 31	1
Washington Parish Tourism Commission	December 31	1
Washington Parish Office of Emergency Preparedness	December 31	1

Primary government officials may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations and (b) joint ventures, as follows:

Related Organizations

Housing Authority of Washington Parish - The Parish Government appoints all five Commissioners of the Housing Authority of Washington Parish. However, no further contact or influence exists. Therefore, it is not included in the Parish Government's financial statements.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

Joint Ventures

Choctaw Road Landfill (the Joint Venture) - The Parish Government is a participant with the City of Bogalusa (the City) in a joint venture to construct and operate the Choctaw Road Landfill, a solid waste disposal landfill. The Joint Venture was opened in July of 1989. The agreed upon percentages of sharing of construction costs and operating losses were 58.1% for the Parish Government and 41.9% for the City. The Parish Government's share of costs is funded by a dedicated .67 percent sales tax in Washington Parish, excluding Ward 4. The City's share of costs is funded by an ad valorem tax.

The Joint Venture is apparently not experiencing any financial stress. Complete financial statements for the Joint Venture can be obtained from the Washington Parish Parish Government at the parish courthouse in Franklinton, LA.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Parish Government) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (Parish Government).

Considered in the determination of component units of the reporting entity were the Washington Parish School Board and various municipalities in the parish. It was determined that these governmental entities are not component units of the Washington Parish Government reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Washington Parish Government.

C. FUND ACCOUNTING

The Parish Government 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 GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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 Parish Government are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the Parish Government's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. **General Fund**—the general operating fund of the Parish Government and accounts for all financial resources, except those required to be accounted for in other funds.
2. **Special Revenue Funds**—accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. **Debt Service Fund**—accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
4. **Capital Projects Funds**—accounts for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

1. **Enterprise Fund**—accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Account Groups

Account groups are used to establish accounting control and accountability for the Parish Government's general fixed assets and general long-term debt. The following are the Parish Government's Account Groups:

1. **General Fixed Assets Account Group**—Fixed assets used in Governmental Fund Type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. General fixed assets consist of land, buildings and improvements, and equipment with an expected useful life of more than one year. Purchases of general fixed assets are recorded as expenditures at the time of purchase. Depreciation is not recorded on general fixed assets.
2. **General Long-Term Debt Account Group**—Long-term liabilities such as unmatured general obligation indebtedness and the long-term portion of compensation absences expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is followed by all governmental funds (General Fund, Special Revenue Funds, and Debt Service Fund).

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

Revenues

Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Ad valorem taxes are considered "measurable" at the time of levy, whereas such items as beer taxes are considered "measurable" when in the hands of intermediary collecting agencies and are recognized as revenue at that time. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes are considered to be available if they are collected within 60 days after year-end.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

F. BUDGET PRACTICES

Preliminary budgets for the ensuing year are prepared by the Comptroller during October of each year. During November the budget committee reviews

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

the proposed budgets and makes changes as it deems appropriate. The availability of the proposed budgets are then advertised in the official journal. Prior to the regular meeting in December, the Parish Government holds a public hearing on the proposed budgets in order to receive comments from residents. Changes are made to the proposed budgets based on the public hearings and the desires of the Parish Government. The budgets are then adopted during the regular December meeting and notice is published in the official journal.

The Parish Government receives monthly budget comparison statements during the year that are used as a tool to control the operations of the parish. In December the Parish Government votes to adopt the final budget adjustments for the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

The Parish Government exercises budgetary control at the functional level. Unexpended appropriations lapse at year end and must be reappropriated in the next year's budget to be expended. Budgets are adopted using the modified accrual basis of accounting.

G. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Every appropriation, except an appropriation for a capital expenditure, will lapse at the close of the fiscal year to the extent it has not been expended. Encumbrances do not constitute expenditures or liabilities.

H. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Parish Government 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.

WASHINGTON PARISH GOVERNMENT

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Notes to the Primary Government Financial Statements (Continued)

Under state law, the Parish Government may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

I. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as interfund receivables or interfund payables on the balance sheet.

J. FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost.

K. COMPENSATED ABSENCES

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

Employees of the Parish Government, Library and Criminal Court earn vacation leave at varying rates according to years of service. Vacation leave must be taken during the year earned. However, upon termination employees are paid for any unused vacation leave earned during the year.

Employees earn 12 days of sick leave each year. A total of 45 days may be accumulated. All accumulated sick leave lapses upon termination, except for employees of the Library who are paid for all accumulated sick leave upon termination.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

L. LONG-TERM DEBT

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.

M. FUND EQUITY

Reserved Fund Balances

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.

N. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. SALES TAXES CHANGES

On September 27, 1986 the voters of Washington Parish outside the corporate limits of the City of Bogalusa approved for an indefinite period of time, a one per cent sales tax. The proceeds of the sales tax, after administrative expenses, were dedicated to the costs of acquiring, operating, and maintaining solid waste disposal facilities.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

On April 11, 1992 the voters decided to rededicate and re-allocate the above mentioned sales tax so that the proceeds in excess of those needed for the solid waste to:

- (a) 45% to pay the costs of services which the parish is legally obligated to pay under the laws of Louisiana;
- (b) 44.14% to be placed in the Parish Transportation Fund to be used for constructing, maintaining and improving public roads, highways and bridges in the Parish, to the extent that such projects qualify as allowable Parish Transportation Fund projects;
- (c) 9.72% to be used for constructing, maintaining and improving public roads, highways and bridges, for constructing, maintaining and improving drainage facilities and for economic development in the Town of Franklinton [provided that for five years after the effective date of this rededication, 80% of the portion described in this part (c) shall be used for economic development];
- (d) 0.57% to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Angie; and
- (e) 0.57% to be used for constructing, maintaining and improving public roads, highways and bridges in the Village of Varnado.

On April 6, 2002 the voters decided to reduce the 1.00% sales tax, parishwide except Bogalusa, to .67% and rededicate the proceeds of the tax in excess of that needed for solid waste to:

- (a) 68% for cost of services parish is legally obligated to pay,
- (b) 15% for parish roads and bridges,
- (c) 15% to the Town of Franklinton,
- (d) 1% to the Village of Angie, and
- (e) 1% to the Village of Varnado.

On April 6, 2002 the voters, also, approved a parishwide .33% sales and use tax dedicated solely for constructing, improving, maintaining and resurfacing parish roads and bridges, including incidental drainage and the acquisitions of equipment therefor. The tax was levied beginning July 1, 2002.

On November 5, 2002 the voters approved a 1% sales and use tax for all unincorporated areas of the Parish dedicated solely for constructing, improving, maintaining and resurfacing parish roads and bridges, including incidental drainage and the acquisitions of equipment therefor. The tax was levied beginning January 1, 2003.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

P. AD VALOREM TAX CHANGE

On April 6, 2002 the voters approved a parishwide 10 year, 10 mills ad valorem tax dedicated solely for constructing, improving, maintaining and resurfacing public roads and bridges, including incidental drainage and the acquisition of equipment therefor.

Q. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined 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, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. LEVIED TAXES

The following is a listing of levied millages for ad valorem taxes:

	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide Taxes:		
General Fund:		
Inside	1.85	Indef.
Outside	3.70	Indef.
Special Revenue Funds:		
Library	4.60	2006
Parish Transportation	4.13	2006
Courthouse Maintenance	1.03	2006
Health Unit Maintenance	3.11	2006
Capital Projects Fund:		
Road Improvement	<u>10.00</u>	2011
	<u>28.42</u>	

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At December 31, 2002, the Parish Government has cash and cash equivalents (book balances) totaling \$13,274,050, including restricted cash. Most accounts are interest bearing demand deposits.

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. At December 31, 2002, Parish Government has \$13,177,338 in deposits (collected bank balances). These deposits are secured from risk by \$324,292 of federal deposit insurance and \$41,809,287 of pledged securities held by a custodial bank in the name of the fiscal agent bank.

4. RESTRICTED CASH

Contributions by parish residents, plus accumulated interest, to pay for materials to repair and improve certain sections of road as follows:

<u>Year</u>	<u>Road</u>	<u>Miles</u>	<u>Amount</u>
2001	Austin Crain Road	.70	\$ 12,261
2002	Welch Road	.20	3,503
2002	Mitch Road	2.10	9,705
2002	Fleetwood Subdivision	1.16	<u>6,539</u>
			<u>\$ 32,008</u>

5. INVESTMENTS

At December 31, 2002, the Parish Government holds investments of Certificates of Deposit totaling \$1,349,735. These investments are secured by pledged securities held by a custodial bank in the name of the fiscal agent bank (GASB Category 3).

WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Notes to the Primary Government Financial Statements (Continued)

6. RECEIVABLES

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Taxes:			
Ad valorem	\$ 281,122	\$ 1,340,006	\$ 1,041,186
Sales tax		168,595	69,395
State revenue sharing	36,655	158,303	
Intergovernmental-			
State	129,009	100,412	29,259
Local	63,869	8,350	
Other	<u>51,878</u>	<u> </u>	<u> </u>
Total	<u>\$ 562,533</u>	<u>\$ 1,775,666</u>	<u>\$ 1,139,840</u>

7. NOTE RECEIVABLE

In 2002, Parish Government received a Federal grant of \$975,000 to establish a revolving loan fund to businesses to improve the economy in rural parts of the parish. The entire \$975,000 was loaned to Richard and Penny Breedlove and Breedlove Farm, L.L.C. on October 18, 2002, at an interest rate of 2.75%. The Breedlove's are to repay the loan in 120 monthly payments of \$9,320 including interest.

According to unaudited financial statements submitted to Parish Government by Breedlove Farm, L.L.C., as of April 30, 2003, the company was still in the development stage, and its only source of income was interest earned of \$1,455 for the four months. All of the monthly payments were timely made through June, 2003.

Note balance, December 31, 2002	\$ 960,781
Allowance for doubtful account	<u> -0-</u>
Note balance, net of allowance for doubtful account	<u><u>\$ 960,781</u></u>

WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Notes to the Primary Government Financial Statements (Continued)

8. NET INVESTMENT IN JOINT VENTURE

The Parish Government's share of their investment in Choctaw Road Landfill is accounted for in the Sales Tax Split 1% Fund which is a governmental fund. The equity interest in the joint venture represents equity primarily in capital assets and otherwise does not meet the definition of a current financial resource. GASB #14 states that it is inappropriate to report the entire "Net investment in Joint Venture" as an asset in a governmental fund; only the amount that is a current financial resource should be reported. The remainder should be reported in the General Fixed Asset Account Group:

Accordingly, the Parish's 58.1% "Net investment in Joint Venture" of Choctaw Road Landfill at December 31, 2002, is shown in the financial statements as follows:

Sales Tax Split 1% Fund:		
Current financial resource		\$ 58,100
General Fixed Asset Account Group:		
Fixed assets	\$ 1,820,459	
Accumulated depreciation	(1,302,758)	
Landfill closure and post closure care costs	<u>(164,845)</u>	
Net		<u>352,856</u>
Net Investment in Joint Venture		<u>\$ 410,956</u>

9. PRIOR PERIOD ADJUSTMENT

The ad valorem taxes receivables at December 31, 2001 were overstated because of several years of Assessor adjustments and uncollectible accounts. Accordingly, fund balances at the beginning of 2002 have been reduced as follows:

General Fund	\$ 28,813
Parish Transportation Fund	48,062
Courthouse Maintenance Fund	8,474
Health Unit Maintenance Fund	33,947
Library Fund	49,940
Debt Service Fund	7,870

WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Notes to the Primary Government Financial Statements (Continued)

10. FIXED ASSETS

The changes in general fixed assets follow:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Parish Government:				
Land	\$ 789,649	\$	\$	\$ 789,649
Buildings	6,231,539	59,766		6,291,305
Equipment	<u>2,633,225</u>	<u>177,714</u>	<u>29,772</u>	<u>2,781,167</u>
Total Parish Government	<u>9,654,413</u>	<u>237,480</u>	<u>29,772</u>	<u>9,862,121</u>
Library:				
Land	42,343			42,343
Buildings	516,334	67,724		584,058
Furniture & equipment	541,270	22,774		564,044
Books	<u>1,474,362</u>	<u>41,276</u>	<u>119,180</u>	<u>1,396,458</u>
Total Library	<u>2,574,309</u>	<u>131,774</u>	<u>119,180</u>	<u>2,586,903</u>
Landfill	<u>1,521,970</u>	<u>52,040</u>	<u>1,574,010</u>	<u>—</u>
Total	<u>\$ 13,750,692</u>	<u>\$ 421,294</u>	<u>\$ 1,722,962</u>	<u>\$ 12,449,024</u>

11. ON-BEHALF PAYMENTS

GASB Statement 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits and salaries. During the year 2002, the state paid salaries of \$80,669 directly to Parish Government employees on-behalf of Parish Government. This amount has been included in the financial statements in intergovernmental revenue and salaries expenditures.

WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
 Notes to the Primary Government Financial Statements (Continued)

12. INTERFUND RECEIVABLES/PAYABLES

Individual fund balances due from/to other funds at December 31, 2002 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 749,595	\$ 10,474,733
Special Revenue Funds:		
Tourism Tax		909
Parish Transportation	1,372,544	25,978
Courthouse Maintenance		64,384
Health Unit Maintenance	497,493	
Criminal Court		84,729
Library		499,400
Special Witness	9,829	
Sales Tax Split 1%	446,618	9,570
Sales Tax Split .67%	780,831	
Governor's Office of Urban Development		11,274
Debt Service Fund		84,858
Capital Project Funds:		
Road Improvement	7,415,726	
LCDBG-Road Project	4,040	30,161
Enterprise Fund	<u>9,320</u>	
 Total	 <u>\$ 11,285,996</u>	 <u>\$ 11,285,997</u>

13. CERTIFICATES OF INDEBTEDNESS

On December 31, 2002, the Parish issued \$5,600,000 of Limited Tax Certificates of Indebtedness, Series 2002. The Certificates were secured by an irrevocable pledge and dedication of the funds to be derived from the collection of a special 10 mill tax authorized to be levied in 2002 through the year 2011. The tax was dedicated solely for construction, improving, maintaining and resurfacing public roads and bridges in the Parish including incidental drainage and the acquisition of equipment thereof.

On December 31, 2002, the Parish, also, issued \$2,400,000 of Certificates of Indebtedness, Series 2002. The Certificates were secured by certain funds, including, but not limited to the .33% parish wide sales tax. The tax was dedicated solely for construction, improving, maintaining and resurfacing public roads and bridges in the Parish including incidental drainage and the acquisition of equipment thereof.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

Accordingly, the balance owed on Certificates of Indebtedness as of December 31, 2002 was \$8,000,000 as follows:

Limited Tax Certificate of Indebtedness, Series 2002	\$ 5,600,000
Certificates of Indebtedness, Series 2002	<u>2,400,000</u>
	<u>\$ 8,000,000</u>

The annual requirements to amortize all certificates outstanding at December 31, 2002, including interest of \$1,653,546, are as follows:

<u>Fiscal Year</u>	<u>Certificate of Indebtedness, Series 2002</u>	<u>Limited Tax Certificate of Indebtedness, Series 2002</u>	<u>Total</u>
2003	\$ 289,295	\$ 140,096	\$ 429,391
2004	288,849	749,688	1,038,537
2005	291,018	743,781	1,034,799
2006	292,805	742,219	1,035,024
2007	294,210	735,000	1,029,210
2008	295,233	732,125	1,027,358
2009	290,874	728,500	1,019,374
2010	291,324	724,125	1,015,449
2011	296,392	719,000	1,015,392
2012	<u>295,887</u>	<u>713,125</u>	<u>1,009,012</u>
Total	<u>\$ 2,925,887</u>	<u>\$ 6,727,659</u>	<u>\$ 9,653,546</u>

14. LEASES

The Parish Government is obligated under certain leases for copying equipment and a phone system which are accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Assets Account

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

Group and the General Long-Term Debt Account Group, respectively. The following is a schedule of future minimum lease payments as of December 31, 2002:

2003	\$	4,292
2004		<u>2,823</u>
Minimum lease payments		7,731
Less amount representing interest		<u>(806)</u>
Present value of minimum lease payments	\$	<u>6,925</u>

15. CHANGES IN GENERAL LONG-TERM DEBT(OBLIGATIONS)

The following is a summary of the long-term debt transactions:

	<u>Balance</u> <u>01/01/02</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/02</u>
Limited Tax Certificates of Indebtedness, Series 2002	\$ —	\$5,600,000	\$	\$5,600,000
Certificate of Indebtedness, Series 2002	—	2,400,000		2,400,000
Capital leases payable	11,798		4,873	6,925
Landfill closure and postclosure care costs	628,471		628,471	—
Compensated absences	<u>15,537</u>	<u>3,928</u>		<u>19,465</u>
	<u>\$655,806</u>	<u>\$8,003,928</u>	<u>\$633,344</u>	<u>\$8,026,390</u>

16. SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

On January 1, 2002 the liability for closure and postclosure care cost was transferred to Choctaw Road Landfill, a joint venture of Washington Parish Government and the City of Bogalusa.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

17. RESERVED FUND BALANCES

Reserved fund balances at December 31, 2002, follow:

1. **Industrial development** - This \$50,000 is the result of a complicated transaction in which Washington Parish Government created Washington Parish Industrial District No. 1 to assist Crown Zellerbach Corp in issuing bonds for construction. The money is, apparently, restricted to encouraging industrial enterprises within the 725 acres of the District, as long as the District exists.
2. **Jail** - This \$128,740 is the amount remaining in the Debt Service Fund established to service the debt for the General Obligation Jail Bonds, Series 1991.
3. **Contributions for road improvement** - This \$32,008 represents contributions from parish residents to pay for material to repair and improve certain roads.

18. DESIGNATED FUND BALANCES

1. **Health insurance** - This \$122,701 is the remainder of money transferred from an Internal Service Fund that was closed when Parish Government changed health insurance coverage.
2. **Construction** - This \$600,000 was reserved by Parish Government in 1995 for construction of the next cell at Choctaw Road Landfill.

19. PENSION PLAN

Substantially all employees of the Washington Parish Government are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Parish Government are members of Plan A.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final-average salary for each year of service credited after the revision date. 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 the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above 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 publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Washington Parish Government is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Washington Parish Government are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Washington Parish Government's contributions to the System under Plan A for the years ending December 31, 2002, 2001, and 2000, were \$125,153, \$119,624, and \$107,955, respectively, equal to the required contributions for each year.

WASHINGTON PARISH GOVERNMENT

Franklinton, Louisiana

Notes to the Primary Government Financial Statements (Continued)

20. CRIMINAL COURT FUND DEFICIT

At December 31, 2002 the Criminal Court Fund had a deficit fund balance of \$76,820. Parish Government has no control over this fund and is unaware of how the Court will correct this deficit situation.

21. LITIGATION

At December 31, 2002, the Parish Government was a defendant in several lawsuits arising principally from vehicular accidents on Parish roads and fall cases occurring within Parish buildings. The Parish has no current liability insurance covering its roads and bridges. In a vehicular suit, Richard Blalock versus Washington Parish, et al, the court ruled against the Parish Government and awarded a damage verdict of \$2,486,457 plus interest. The attorney for the Parish Government is stated that *the judgement is now final and LIGA has paid approximately \$150,000 of it. The remainder of the judgement is active against the Parish Government.* Also, he stated that other cases pose substantial exposure and risk; but, generally, judgment creditors can not execute against publically owned property and can only be paid out of funds specifically allocated by the public body. At December 31, 2002 no appropriations had been specifically allocated for payment of any of the lawsuits.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

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

Washington Parish Government
Franklinton, Louisiana

I have audited the primary government financial statements of Washington Parish Government as of and for the year ended December 31, 2002, and have issued my report thereon dated June 23, 2003. I did not express an opinion on the Enterprise Fund (one of the funds included) because there was not sufficient evidence for me to form an opinion on the collectibility of a note receivable. 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 Government's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 an immaterial instance of noncompliance that I have reported to management of Washington Parish Government in a separate letter dated June 23, 2003.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Washington Parish Government's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the 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 a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. 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 the Washington Parish Government's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions is described in the accompanying schedule of findings and questioned costs as item 2002-1.

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 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.

This report is intended solely for the information of the Washington Parish Government's management and the office of the Louisiana 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.



Certified Public Accountant

Bogalusa, Louisiana
June 23, 2003

SUPPLEMENTAL INFORMATION

SPECIAL REVENUE FUNDS

Tourism Tax Fund - Accounts for the proceeds of a 3% bed and board tax. On March 30, 1994 the 22nd Judicial District Court ruled the tax unconstitutional. The Police Jury voted to suspend collection of the tax in May 1994 pending the ruling of the Louisiana Supreme Court. On November 30, 1994 the Supreme Court upheld the ruling of the lower Court.

Parish Transportation Fund - Accounts for constructing, improving, and maintaining public roads and bridges in the parish. Financing is provided by the State of Louisiana Parish Transportation Fund, ad valorem taxes, and state revenue sharing funds. The ad valorem tax expires in 2006.

Courthouse Maintenance Fund - Accounts for the operation and maintenance of the courthouse and related public buildings of the parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

Health Unit Maintenance Fund - Accounts for the operation and maintenance of public health units in the parish. Financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

Criminal Court Fund - The Criminal Court Fund was established under Section 571.11 of Title 15 of the Louisiana Revised Statutes of 1950, which provides that fines and forfeitures imposed by district courts and district attorney conviction fees in criminal court cases be transferred to the parish treasurer and deposited into a special Criminal Court Fund account to be used for the expenses of the criminal court of the parish. Expenditures are made from the fund on motion of the district attorney and approval of the district judges or on motion of the district judges and approval of the district attorney.

Library Fund - The Washington Parish Library was established by the Washington Parish Government on November 14, 1945, under provisions of Louisiana Revised Statute 25:211. The library provides citizens of the parish access to library materials, books, magazines, records, and films. The library is governed by a board of control, which is appointed by the Washington Parish Government in accordance with the provisions of Louisiana Revised Statute 21:214. The members of the board of control serve without pay. Primary financing is provided by ad valorem taxes and state revenue sharing. The ad valorem tax expires in 2006.

Special Witness Fund - The Special Witness Fund was established under Section 255 of Title 15 of the Louisiana Revised Statute of 1981, which provides that costs of court collected in individual cases, tried in district or parish courts on which there is a plea of guilty or conviction, be transferred to the parish treasurer and deposited into a Special Witness Fund account to be used to pay off-duty officer witness fees. Expenditures are made from the fund when court affidavit is presented to the Parish Comptroller, and when the appropriate payroll department verifies that the officer was off duty.

Sales Tax Split 1% - Accounts for the proceeds of the one cent sales tax imposed parishwide, excluding the City of Bogalusa, for periods May, 1992, and thereafter, to pay the costs of providing, maintaining, operating, constructing, acquiring, and/or improving solid waste facilities. Excess collections are to be used as follows:

- (a) 45% of excess will be used to pay mandated expenditures of the General Fund which the parish is legally obligated to pay under Louisiana law.
- (b) 44.14% of excess will be placed in the Parish Transportation Fund to be used for constructing, maintaining, and improving parish roads, highways, and bridges.
- (c) 9.72% of excess will be used for constructing, maintaining, and improving roads, highways, bridges, and drainage facilities in the Town of Franklinton. In addition, 80% of this money must be used for economic development in the first five years.
- (d) 0.57% of excess will be equally used for constructing, maintaining, and improving roads, highways, and bridges in the Villages of Angie; and
- (e) 0.57% of excess will be equally used for constructing, maintaining, and improving roads, highways, and bridges in the Villages of Varnado.

Sales Tax Split 0.67% - Accounts for the rededication of the above Sales Tax Split 1% fund. On April 6, 2002 the voters decided to reduce the 1.00% sales tax, parishwide except Bogalusa, to 0.67% and rededicate the proceeds of the tax in excess of that needed for solid waste to:

- (a) 68% for cost of services parish is legally obligated to pay,
- (b) 15% for parish roads and bridges,
- (c) 15% to the Town of Franklinton,
- (d) 1% to the Village of Angie, and
- (e) 1% to the Village of Varnado.

Governor's Office of Rural Development Fund - Accounts for a grant from the State of Louisiana.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
December 31, 2002

	TOURISM TAX	PARISH TRANSPORTATION	COURTHOUSE MAINTENANCE	HEALTH UNIT MAINTENANCE	CRIMINAL COURT	LIBRARY	SPECIAL WITNESS	SALES		GOVERNOR'S OFFICE OF RURAL DEVELOPMENT	TOTALS
								TAX SPLIT 1%	TAX SPLIT 0.67%		
ASSETS											
Cash and cash equivalents	\$	\$ 480	\$ 359	\$ 577,866	\$	\$ 284,224	\$	\$ 1,719,090	\$	\$	\$ 2,582,019
Restricted cash		32,008									32,008
Investments		60,274	47,550	565,647		236,135		116,767			1,016,373
Receivables		557,213	119,911	362,063	8,092	535,526	258	3,527	165,068	24,008	1,775,666
Net investment in Joint Venture								58,100			58,100
Due from other funds											
Due from other governmental units		1,372,544		497,493			9,829	446,618	780,831		3,107,315
	909										909
Total assets	\$ 909	\$ 2,022,519	\$ 167,820	\$ 1,993,069	\$ 8,092	\$ 1,055,885	\$ 10,087	\$ 2,344,102	\$ 945,899	\$ 24,008	\$ 8,572,390
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	25,361	\$ 95	\$ 268	\$ 183	\$ 14,349	\$ 1,100	\$ 270,159	\$	\$ 3,296	\$ 314,600
Due to other governmental units								58,100			58,100
Due to other funds	909	25,979	64,384		84,729	499,401		9,569		11,274	686,245
Total liabilities	909	51,340	64,479	258	84,912	513,750	1,100	337,828	-	14,569	1,069,145
Fund balances:											
Reserve:											
Contributions for road improvements		32,008									32,008
Unreserved:											
Designated -											
Construction								600,000			600,000
Undesignated(deficit)		1,939,171	103,341	1,992,811	(76,820)	542,135	8,987	1,406,274	945,899	9,439	6,871,237
Total fund balances		1,971,179	103,341	1,992,811	(76,820)	542,135	8,987	2,006,274	945,899	9,439	7,503,245
Total liabilities and fund balances	\$ 909	\$ 2,022,519	\$ 167,820	\$ 1,993,069	\$ 8,092	\$ 1,055,885	\$ 10,087	\$ 2,344,102	\$ 945,899	\$ 24,008	\$ 8,572,390

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2002

	TOURISM TAX	PARISH TRANSPORTATION	COURTHOUSE MAINTENANCE	HEALTH UNIT MAINTENANCE	CRIMINAL COURT	LIBRARY	SPECIAL WITNESS	SALES TAX SPLIT 1%	SALES TAX SPLIT 67%	GOVERNOR'S OFFICE OF RURAL DEVELOPMENT	TOTALS	
Revenues:												
Taxes:												
Ad valorem	\$	430,010	\$	107,242	\$	323,809	\$	478,945	\$		\$	1,340,006
Sales tax								1,097,095	943,523		2,040,618	
Intergovernmental revenues												
State funds:												
Parish transportation funds		440,708									440,708	
State revenue sharing		50,799	12,669	38,254		56,581					158,303	
Other		20,616				53,000				108,195	181,811	
Fees, charges, etc.							1,611				1,611	
Fines and forfeitures					103,923	5,787					109,710	
Interest		4,257	128	25,994		7,368	210	78,917	3,726		120,600	
Contributions for road improvements		20,008									20,008	
Other		7,358			235						7,593	
Total revenues		973,756	120,039	388,057	104,159	601,681	1,821	1,176,012	947,249	108,195	4,420,968	

Expenditures:											
Current:											
General government											
Judicial					157,190		2,800				159,990
Other			103,667								103,667
Health and welfare				284,200							284,200
Highways and streets		1,583,196							1,350		1,584,546
Sanitation								395,189			395,189
Culture and recreation						485,839					485,839
Debt service		1,129						1,132			2,261
Capital outlay		121,638		17,926		131,761		34,154		99,711	405,190
Total expenditures		1,705,963	103,667	302,126	157,190	617,600	2,800	430,475	1,350	99,711	3,420,882
Excess (deficiency) of revenue over expenditures		(732,207)	16,372	85,931	(53,032)	(15,919)	(979)	745,537	945,899	8,484	1,000,086

(Continued)
See accompanying auditor's report.
Other financing sources(uses)

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2002

	TOURISM TAX	PARISH TRANSPORTATION	COURTHOUSE MAINTENANCE	HEALTH UNIT MAINTENANCE	CRIMINAL COURT	LIBRARY	SPECIAL WITNESS	SALES TAX SPLIT 1%	SALES TAX SPLIT .67%	GOVERNOR'S OFFICE OF RURAL DEVELOPMENT	TOTALS
Operating transfers in		\$ 1,291,045									\$ 1,291,045
Operating transfers(out)								(2,203,347)			(2,203,347)
Increase in investment in joint venture								58,100			58,100
Excess sales tax split with other government entities								(268,427)			(268,427)
Sale of fixed assets		3,795									3,795
Total other financing sources(uses)		1,294,840						(2,413,674)			(1,118,834)
Excess (deficiency) of revenues and other financing sources over expenditures and other uses		562,633	16,372	85,931	(53,032)	(15,919)	(979)	(1,668,137)	945,899	8,484	(118,748)
Fund balance, beginning		1,408,546	86,969	1,906,880	(23,788)	558,054	9,966	3,674,411		955	7,621,983
Fund balance, ending		\$ 1,971,179	\$ 103,341	\$ 1,992,811	\$ (76,820)	\$ 542,135	\$ 8,987	\$ 2,006,274	\$ 945,899	\$ 9,439	\$ 7,503,245

(Concluded)

CAPITAL PROJECTS FUNDS

Road Improvement Fund - Accounts for the following sales and ad valorem tax revenues and the related proceeds of certificates of indebtedness which are dedicated solely for constructing, improving, maintaining and resurfacing public roads and bridges in the Parish including incidental drainage and the acquisition of equipment thereof:

- 10 year, 10 mill property tax (parishwide) effective for 2002.
- .33% sales and use tax (parishwide) effective July 1, 2002.
- 1% sales and use tax (all unincorporated areas of the parish) effective January 1, 2003.

Varnado Project LCDBG 2002 - Accounts for a Louisiana Community Development Block Grant to provide for a new water well for the Varnado Water District, a component unit of the Washington Parish Government.

Road Project LCDBG 2002 - Accounts for a Louisiana Community Development Block Grant to provide resurfacing a five mile radius which includes Old Columbia, Harvey, Robertson, Floyd Robertson, Jenkins, and Star Creek Roads.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

December 31, 2002

	ROAD IMPROVEMENT FUND	VARNADO PROJECT LCDBG 2002	ROAD PROJECT LCDBG 2002	TOTAL
ASSETS				
Assets:				
Cash	\$	\$ 12,881	\$	\$ 12,881
Receivables	1,110,581	488	28,771	1,139,840
Due from other funds	7,415,726		4,040	7,419,766
Total assets	<u>\$ 8,526,307</u>	<u>\$ 13,369</u>	<u>\$ 32,811</u>	<u>\$ 8,572,487</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 560,658	\$ 488	\$ 2,650	\$ 563,796
Retainage payable	56,961			56,961
Due to other funds			30,161	30,161
Due to other governmental units		253		253
Deferred revenue		12,628		12,628
Total liabilities	<u>617,619</u>	<u>13,369</u>	<u>32,811</u>	<u>663,799</u>
Fund balance	<u>7,908,688</u>	<u>-</u>	<u>-</u>	<u>7,908,688</u>
Total liabilities and fund balance	<u>\$ 8,526,307</u>	<u>\$ 13,369</u>	<u>\$ 32,811</u>	<u>\$ 8,572,487</u>

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2002

	ROAD IMPROVEMENT FUND	VARNADO PROJECT LCDBG 2002	ROAD PROJECT LCDBG 2002	TOTAL
Revenues:				
Taxes:				
Ad valorem	\$ 1,041,186	\$	\$	\$ 1,041,186
Sales and use	360,619			360,619
Intergovernmental:				
Federal Funds:				
Federal grants		488	28,771	29,259
Local:				
Varnado Water District		51,926	4,040	55,966
Interest	21,938			21,938
Total revenues	<u>1,423,743</u>	<u>52,414</u>	<u>32,811</u>	<u>1,508,968</u>
Expenditures:				
Administration		21,072	4,040	25,112
Construction	1,156,785			1,156,785
Engineering	305,211	30,854	26,121	362,186
Legal	53,059			53,059
Miscellaneous		488	2,650	3,138
Total expenditures	<u>1,515,055</u>	<u>52,414</u>	<u>32,811</u>	<u>1,600,280</u>

(Continued)
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2002

	ROAD IMPROVEMENT FUND	VARNADO PROJECT LCDBG 2002	ROAD PROJECT LCDBG 2002	TOTAL
Excess (deficiency) of revenues over expenditures	\$ (91,312)	\$ -	\$ -	\$ (91,312)
Other financing sources(uses):				
Proceeds of certificates of indebtedness	8,000,000			8,000,000
Total other financing sources(uses):	8,000,000	-	-	8,000,000
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	7,908,688	-	-	7,908,688
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ 7,908,688	\$ -	\$ -	\$ 7,908,688

(Concluded)

See accompanying auditor's report.

ENTERPRISE FUND

Revolving Loan Fund - Accounts for a Rural Business Enterprise Grant used to establish a revolving loan fund to facilitate the development of small and emerging private business, industry, and related employment for improving the economy in rural communities.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
ENTERPRISE FUND
REVOLVING LOAN FUND

BALANCE SHEET
December 31, 2002

ASSETS

Assets:

Cash	\$ 10,790
Note receivable	960,781
Due from other funds	9,320
Total assets	<u>\$ 980,891</u>

RETAINED EARNINGS

Retained earnings	<u>980,891</u>
Total retained earnings	<u>\$ 980,891</u>

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
ENTERPRISE FUND
REVOLVING LOAN FUND

STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
For the Year Ended December 31, 2002

Revenue:	
Federal grant	\$ 975,000
Interest income	5,791
Other	100
Total revenues	<u>980,891</u>
Expenses	<u>-</u>
Net income	980,891
Retained earnings, beginning	<u>-</u>
Retained earnings, ending	<u>\$ 980,891</u>

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Schedule of Compensation Paid
For the Year Ended December 31, 2002

<u>PRESIDENT - COUNCIL MEMBERS</u>	<u>AMOUNT</u>
M.E. "TOYE" TAYLOR, PARISH PRESIDENT	\$ 78,630
RELTON SUMRALL	7,200
CHARLES NASSAUER	7,200
DARWIN SHARP	7,200
KENNETH WHEAT	7,050
MARVIN THOMAS	7,200
CLINTON MILEY	7,200
RODNEY BROWN	9,600
	<hr/>
	<u>\$ 131,280</u>

See accompanying auditor's report.

*AUDIT REPORT REQUIRED BY
SINGLE AUDIT ACT*

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Washington Parish Government
Franklinton, Louisiana

Compliance

I have audited the compliance of the Washington Parish Government with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The Washington Parish Government's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Washington Parish Government's management. My responsibility is to express an opinion on the Washington Parish Government's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Washington Parish Government's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Washington Parish Government's compliance with those requirements.

In my opinion, the Washington Parish Government complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of the Washington Parish Government is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Washington Parish Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the Washington Parish Government's management, the office of the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities 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.



Certified Public Accountant

Bogalusa, Louisiana
June 23, 2003

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2002

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM NAME	CFDA NUMBER	EXPENDITURES
<u>United States Department of Housing and Urban Development</u>		
<u>Passed through Louisiana Division of Administration- Office of Community Development</u>		
LA Community Development Block Grant- Varnado Water Project	14.228	52,414
LA Community Development Block Grant Road Project	14.228	<u>32,811</u>
Total United States Department of Housing and Urban Development		<u>85,225</u>
<u>United States Department of Agriculture</u>		
Rural Business Enterprise Grant-RBEG	10.769	<u>975,000</u>
Total United States Department of Agriculture		<u>975,000</u>
TOTAL EXPENDITURES		<u>\$ 1,060,225</u>

See accompanying notes to schedule of expenditures of federal awards.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2002

NOTE A--- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Washington Parish Government and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audit of States, Local Governments, and Non-Profit Organizations*.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2002

Section I—Summary of Auditor's Results

Financial Statements

1. The auditor's report expresses a qualified opinion on the primary government financial statements of the Washington Parish Government.
2. There was one reportable condition relating to the audit of the financial statements of the Washington Parish Government noted during the audit.
3. There were no instances of noncompliance material to the financial statements of the Washington Parish Government noted during the audit.

Federal Awards

1. There were no reportable conditions relating to the audit of the major federal award programs.
2. The auditor's report on compliance for the major federal award programs for the Washington Parish Government expresses an unqualified opinion.
3. There are no audit findings that are required to be reported in accordance with Circular A-133, Section .510(a).

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Passed-Through Grantor/Federal Program</u>
10.769	United States Department of Agriculture/ Rural Business Enterprise Grant-RBEG

5. The threshold for distinguishing major programs was \$300,000.
6. The Washington Parish Government did not qualify as a low-risk auditee.

(Continued)
See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2002

Section II—Financial Statement Findings

2002-1 BANK RECONCILIATIONS

Criteria - Internal control can be improved through segregation of duties. The basic premise is that no one employee should be involved in a sequence of related operations. For example the person who reconciles the bank statement should not engage in or record bank transactions.

Condition - The Parish Comptroller, prepares some checks, signs many checks, maintains the general ledger, and reconciles the bank accounts.

Auditor's Recommendation - The employee that maintains the general ledger should not reconcile the bank accounts. The bank reconciler should also receive the bank statements unopened from the banks. Bank reconciliations should be prepared on a timely basis and reviewed by a responsible person.

Management's Response - Management will attempt to reallocate month-end scheduling and reconciliation. Management has only two people in the accounting department. With the approval of the Parish Council Clerk, we will request her assistance with the bank reconciliation. The Parish Comptroller will review it upon completion.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

(Concluded)

See accompanying auditor's report.

WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

SCHEDULE OF PRIOR-YEAR FINDINGS
For the Year Ended December 31, 2002

Section I Internal Control and Compliance Material to the Financial Statements	
There were no prior year findings.	
Section II Internal Control and Compliance Material to Federal Awards	
There were no prior year findings.	
Section III Management Letter	
01-1 Criminal Court Fund had a thirty-four percent unfavorable variance in revenues, which increased the deficit.	Not resolved. See management letter 02-1.

RICHARD M. SEAL

CERTIFIED PUBLIC ACCOUNTANT ◦ CERTIFIED GOVERNMENT FINANCIAL MANAGER

To the Honorable M.E. "Toye" Taylor, Parish President
and the Members of the Parish Council
Franklinton, Louisiana

I have audited the primary government financial statements of the Washington Parish Government (Parish Government) as of and for the year ended December 31, 2002, and have issued my report therein dated June 23, 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 Audit Standards*, issued by the Comptroller General of the United States and the provisions of OMB Circular A-133.

As part of my examination, I have issued my report on the primary government financial statements, dated June 23, 2003, and my report on internal control and compliance with laws, regulations, and contracts, dated June 23, 2003.

During the course of my examination, I became aware of the following matters which represent immaterial deviations of compliance.

02-1. CRIMINAL COURT FUND

Observation:

The Louisiana Local Governmental Budget Act (R.S. 39:1301) requires that a budget be amended whenever there is an unfavorable variance of five percent or more in actual revenues or expenditures.

The Criminal Court Fund had a thirty-four percent (\$53,403) unfavorable variance in revenues, which increased the deficit to \$76,820.

Recommendation:

It might help if Parish Government would send monthly financial statements to the District Attorney and Chief Judge.

Management's Response:

Management agrees. We'll send monthly financial statements, but that is about all we can do. Parish Government does not control expenditures in the Criminal Court Fund. All expenditures are made upon motion and order of the District Attorney and Judges respectively.

I recommend that the Parish Government address the foregoing issue as an improvement to operations and the administration of public programs. I am available to further explain the suggestions or help implement the recommendations.



Certified Public Accountant

Bogalusa, Louisiana
June 23, 2003