

**FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE  
TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF DECEMBER 31, 2011  
AND FOR THE YEAR THEN ENDED**

**WITH  
INDEPENDENT AUDITOR'S REPORT**

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 **MAY 09 2012**



**SILAS SIMMONS** LLP  
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

**FIRE PROTECTION DISTRICT NO. 1  
OF TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA**

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(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA**

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**SILAS SIMMONS** LLP

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners  
Fire Protection District No. 1 of Tensas Parish, Louisiana  
St. Joseph, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 1 of Tensas Parish, Louisiana, a component unit of the Tensas Parish Police Jury, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Fire Protection District No. 1 of Tensas Parish, Louisiana's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 1 of Tensas Parish, Louisiana, as of December 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2012, on our consideration of the Fire Protection District No. 1 of Tensas Parish, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 23 through 24 be presented to supplement the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the Fire Protection District No. 1 of Tensas Parish's basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended for the information of the Members of the Fire District Board, the Tensas Parish Police Jury, and the Legislative Auditor of the State of Louisiana 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.

*Silas Simmons, LLP*

Natchez, Mississippi  
March 12, 2012

**SECTION 1**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Our discussion and analysis of Fire Protection District No. 1 of Tensas Parish, Louisiana's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2011.

The District's main fire station is located on Plank Road in St. Joseph, Louisiana. The District provides fire protection for all of Tensas Parish, Louisiana with fire stations located in ten locations. The District operates primarily with volunteers and one full-time employee.

**FINANCIAL HIGHLIGHTS**

- General revenues were \$465,439 in 2011, compared to \$451,866 in 2010.
- General expenditures were \$503,180 in 2011, compared to \$481,995 in 2010.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and sales taxes. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 7 - 8 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 9 - 13 of this report.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 22 of this report.

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of the net assets at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 289,465	\$ 280,124
Capital assets	756,750	848,851
Total assets	<u>\$ 1,046,215</u>	<u>\$ 1,128,975</u>
Current liabilities	\$ 115,185	\$ 96,878
Long-term liabilities	200,608	263,934
Total liabilities	<u>\$ 315,793</u>	<u>\$ 360,812</u>
Net assets		
Investment in capital assets (net of related debt)	\$ 467,816	\$ 505,690
Unrestricted	262,606	262,473
Total net assets	<u>\$ 730,422</u>	<u>\$ 768,163</u>

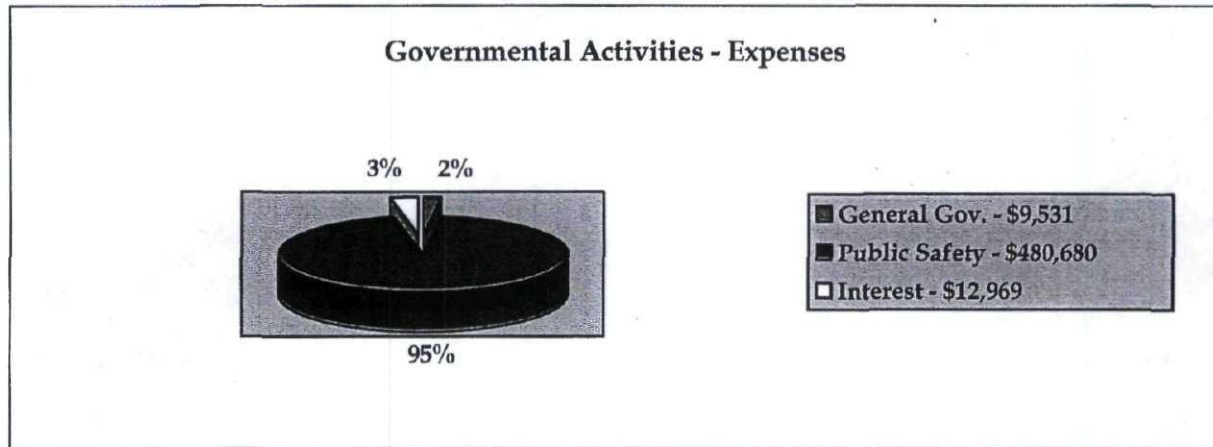
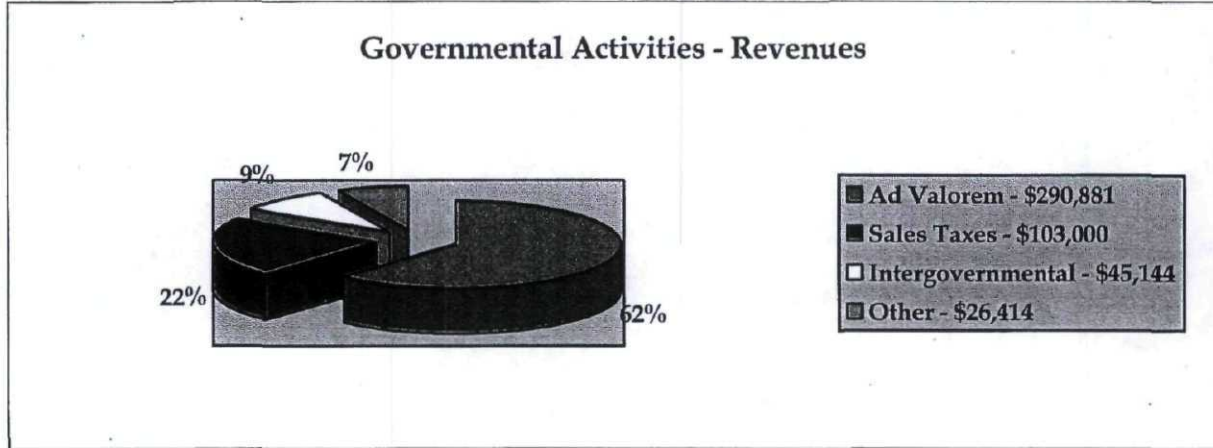
The following is a summary of the statement of activities for 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Revenues		
Taxes	\$ 393,881	\$ 357,217
Intergovernmental revenue	45,144	65,835
Other	26,414	28,814
Total revenues	<u>\$ 465,439</u>	<u>\$ 451,866</u>
Expenses		
General and administrative	\$ 9,531	\$ 10,597
Public safety - fire	480,680	457,292
Debt service - interest	12,969	14,106
Total expenses	<u>\$ 503,180</u>	<u>\$ 481,995</u>
(Decrease) in net assets	\$ (37,741)	\$ (30,129)
Net assets - beginning of year	<u>768,163</u>	<u>798,292</u>
Net assets - end of year	<u>\$ 730,422</u>	<u>\$ 768,163</u>



**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
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ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

The following are graphical representations of information presented in the Statement of Activities for Governmental Activities in 2011:



**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget was amended once during the last year.

The actual general fund expenditures were \$50,805 under the budgeted amounts.

Revenues available for expenditure were \$14,527 under the budgeted amounts.

**FIRE PROTECTION DISTRICT NO. 1 OF TENSAS PARISH, LOUISIANA  
 (A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
 ST. JOSEPH, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2011**

**CAPITAL ASSETS**

At the end of the year, the District had \$467,816 invested in capital assets (net of related debt), including land, buildings, furniture, fire fighting equipment, and vehicles. This year there were additions of \$69,051 in capital assets. More detailed information about the District's capital assets is presented in Note 5 of the financial statements.

The additions in 2011 included the following:

2011 Ford Expedition	\$	32,645
2011 Ford Expedition		<u>36,406</u>
	\$	<u>69,051</u>

**DEBT**

At year-end, the District had \$126,000 in certificates of indebtedness outstanding and \$162,934 in a note payable. The District had \$131,000 in certificates of indebtedness outstanding to begin the year ended December 31, 2011, and the note payable balance was \$212,161.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2012.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Ricky Jones, Fire Chief, 205 Hancock Street, St. Joseph, Louisiana 71366, (318) 766-3004.

**SECTION II**  
**BASIC FINANCIAL STATEMENTS**

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

**ASSETS**

Cash	\$ 85,363
Receivables, net	165,668
Deposits	1,500
Restricted assets	36,934
Capital assets, net	<u>756,750</u>
<b>Total assets</b>	<b>\$ <u>1,046,215</u></b>

**LIABILITIES**

Accounts payable	\$ 2,298
Accrued liabilities	13,232
Accrued compensated absences	11,329
Current portion - loans payable	88,326
Long-term portion - loans payable	<u>200,608</u>
<b>Total liabilities</b>	<b>\$ <u>315,793</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	\$ 467,816
Unrestricted	<u>262,606</u>
<b>Total net assets</b>	<b>\$ <u>730,422</u></b>

The accompanying notes are an integral part of this financial statement.

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
STATEMENT OF ACTIVITIES  
DECEMBER 31, 2011**

**GENERAL REVENUES**

Taxes	
Ad valorem taxes	\$ 290,881
Sales tax	103,000
Intergovernmental revenue	45,144
Interest earnings	123
Other revenues	<u>26,291</u>
Total general revenues	<u>\$ 465,439</u>

**GENERAL EXPENSES**

Governmental activities	
General government	\$ 9,531
Public safety - fire	480,680
Interest expense	<u>12,969</u>
Total general expenses	<u>\$ 503,180</u>

Changes in net assets (deficit)	\$ (37,741)
Net assets - beginning of year	<u>768,163</u>
Net assets - end of year	<u>\$ 730,422</u>

The accompanying notes are an integral part of this financial statement.

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	General Fund	Debt Service Fund	Total Governmental Funds
<b><u>ASSETS</u></b>			
Cash	\$ 85,363	\$ -	\$ 85,363
Receivables, (net of allowance for uncollectibles)	165,668	-	165,668
Deposits	1,500	-	1,500
Restricted assets	-	36,934	36,934
Total assets	\$ 252,531	\$ 36,934	\$ 289,465
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Accounts payable	\$ 2,298	\$ -	\$ 2,298
Accrued liabilities	5,341	7,891	13,232
Total current liabilities	\$ 7,639	\$ 7,891	\$ 15,530
<b>Fund balance</b>			
Reserved for debt service	\$ -	\$ 29,043	\$ 29,043
Unassigned	244,892	-	244,892
Total fund balance	\$ 244,892	\$ 29,043	\$ 273,935
Total liabilities and fund balance	\$ 252,531	\$ 36,934	\$ 289,465

The accompanying notes are an integral part of this financial statement.



**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
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ST. JOSEPH, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2011**

Total fund balances for governmental funds (Statement C)	\$	273,935
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used by governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Cost of capital assets	\$ 1,894,820	
Less accumulated depreciation	<u>(1,138,070)</u>	756,750
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the fund liabilities.		(288,934)
Accrued compensated absences liability		<u>(11,329)</u>
Total net assets of governmental activities (Statement A)	\$	<u>730,422</u>

The accompanying notes are an integral part of this financial statement.

**FIRE PROTECTION DISTRICT NO. 1 OF**  
**TENSAS PARISH, LOUISIANA**  
**(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)**  
**ST. JOSEPH, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2011**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes			
Ad valorem taxes	\$ 290,881	\$ -	\$ 290,881
Sales tax	103,000	-	103,000
Intergovernmental revenue - Federal	45,144	-	45,144
Interest earnings	117	6	123
Other revenues	26,291	-	26,291
Total revenues	<u>\$ 465,433</u>	<u>\$ 6</u>	<u>\$ 465,439</u>
<b>EXPENDITURES</b>			
General government			
Legal and accounting	<u>\$ 9,531</u>	<u>\$ -</u>	<u>\$ 9,531</u>
Public safety - fire			
Salaries	\$ 93,948	\$ -	\$ 93,948
Insurance	77,510	-	77,510
Repairs	48,673	-	48,673
Utilities and telephone	16,423	-	16,423
Supplies	3,046	-	3,046
Retirement	24,338	-	24,338
Office supplies	14,304	-	14,304
Fuel	14,739	-	14,739
Travel	360	-	360
Miscellaneous	14,858	-	14,858
Total public safety - fire	<u>\$ 308,199</u>	<u>\$ -</u>	<u>\$ 308,199</u>
Debt service			
Principal retirement	\$ -	\$ 79,227	\$ 79,227
Interest expense	-	12,969	12,969
Total debt service	<u>\$ -</u>	<u>\$ 92,196</u>	<u>\$ 92,196</u>
Capital outlay	<u>\$ 69,051</u>	<u>\$ -</u>	<u>\$ 69,051</u>
Total expenditures	<u>\$ 386,781</u>	<u>\$ 92,196</u>	<u>\$ 478,977</u>

-continued-

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2011**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures	\$ 78,652	\$ (92,190)	\$ (13,538)
<b>OTHER FINANCING SOURCES</b>			
Issuance of long-term debt	\$ -	\$ 25,000	\$ 25,000
Transfer in (out)	(70,983)	70,983	-
	<u>\$ (70,983)</u>	<u>\$ 95,983</u>	<u>\$ 25,000</u>
Excess revenues over expenditures	\$ 7,669	\$ 3,793	\$ 11,462
Fund balance, beginning of year	<u>237,223</u>	<u>25,250</u>	<u>262,473</u>
Fund balance, end of year	<u>\$ 244,892</u>	<u>\$ 29,043</u>	<u>\$ 273,935</u>

The accompanying notes are an integral part of this financial statement.

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
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ST. JOSEPH, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2011**

Net changes in fund balance - governmental fund (Statement E) \$ 11,462

Amounts reported for governmental activity in the statement of activity is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$	69,051	
Depreciation expense		<u>(161,152)</u>	(92,101)

Governmental funds report debt service payments as expenditures and proceeds from loans as revenues. However, in the statement of activities, repayments of principal of indebtedness reduces long-term liabilities in the statement of net assets and loan proceeds increase long-term liabilities.

Issuance of long-term debt	\$	(25,000)	
Principal paid		<u>79,227</u>	54,227

Net accrued compensated absences expensed (11,329)

Change in net assets per statement of activities (Statement B) \$ (37,741)

The accompanying notes are an integral part of this financial statement.

**NOTES TO FINANCIAL STATEMENTS**

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

## INTRODUCTION

1. The Tensas Parish Police Jury created the Fire Protection District No. 1 of Tensas Parish, Louisiana May 25, 1999, by resolution. The District operates in compliance with Part I Chapter 7, Title 40 of the Louisiana Revised Statutes of 1950.
2. The purpose of the District is to provide fire protection for Tensas Parish.
3. The District's boundaries are all of Tensas Parish, Louisiana. Tensas Parish is located in Northeast Louisiana and has a population of 5,200.
4. A Board of Commissioners of five members appointed by the Tensas Parish Police Jury governs the District. The board members are presently serving without compensation.
5. The District had three paid full-time employees during 2011.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Basis of Presentation

The accompanying basic financial statements of the Fire Protection District No. 1 of Tensas Parish, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

### B. Reporting Entity

The District does not possess all the corporate powers necessary to make it a legally separate entity from the Tensas Parish Police Jury, which holds the District's corporate powers. For this reason, the District is a component unit of the Tensas Parish Police Jury, 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 police jury, 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 to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**FIRE PROTECTION DISTRICT NO. 1 OF  
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ST. JOSEPH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Fund Accounting (continued)**

**Governmental Funds**

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following is a description of the District's funds:

1. **General Fund** - the primary operating fund of the District and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.
2. **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.

**D. Measurement Focus/Basis of Accounting**

**Fund Financial Statements**

The amounts reflected in the Governmental Funds of Statements C and D 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. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

The amounts reflected in the Governmental Funds of Statements C and D use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Measurement Focus/Basis of Accounting (continued)**

**Government-Wide Financial Statements**

The page labeled Statement of Net Assets (Statement A) and the page labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all of the financial activities of the District. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting.

**E. Budgets**

The District uses the following budget practices:

1. The Fire Chief prepares a proposed budget and submits same to the District Board of Commissioners no later than fifteen days prior to the beginning of each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the District Board.
6. All budgetary appropriations lapse at the end of each year.
7. Budgets are adopted on a budgetary basis. Budget amounts are as originally adopted, or as amended from time to time by the District Board of Commissioners.

**F. Cash and Cash Equivalents**

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



**FIRE PROTECTION DISTRICT NO. 1 OF  
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(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Capital Assets**

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30 years
Furniture and fixtures	5 years
Vehicles	5 years
Equipment	15 years

**H. Compensated Absences**

The District has implemented GASB Statement Number 16 "Accounting for Compensated Absences." Under GASB Statement Number 16, a liability for unpaid vacation that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

Each full-time employee is credited with one day of sick leave for each month worked. The employee's sick leave will begin to accumulate after working one month.

**I. Estimates**

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

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Restricted Assets**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the District typically depletes the available restricted resources before consuming unrestricted resources. Restricted assets were applicable to the following at December 31, 2011:

Debt service fund:	
Cash	<u>\$ 36,934</u>

**K. Fund Equity**

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the District strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

**FIRE PROTECTION DISTRICT NO. 1 OF  
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DECEMBER 31, 2011**

**NOTE 2 - LEVIED TAXES**

The following is a summary of authorized and levied property taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
Fire protection	6.85	6.85	Permanent

The following are the principal taxpayers and related property tax revenue for the District:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
American River Transportation Co.	Barge line	\$ 9,637,300	19%	\$ 61,032

Sales taxes of ¼% for fire protection expires 2018.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At December 31, 2011, the District has cash and cash equivalents (book balances) totaling \$122,297. The cash was held in interest-bearing demand deposits.

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

**NOTE 4 - RECEIVABLES**

The receivables of \$165,668 at December 31, 2011, are as follows:

Ad valorem	\$ 144,668
Sales taxes	21,000
Less allowance for doubtful accounts	-
Total receivables	<u>\$ 165,668</u>

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**NOTE 5 - CAPITAL ASSETS**

Capital assets and depreciation activities as of and for the year ended December 31, 2011, for the primary government are as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 3,509	\$ -	\$ -	\$ 3,509
Capital assets being depreciated				
Buildings	\$ 443,039	\$ -	\$ -	\$ 443,039
Equipment	<u>1,379,221</u>	<u>69,051</u>	<u>-</u>	<u>1,448,272</u>
Total capital assets being depreciated	<u>\$ 1,822,260</u>	<u>\$ 69,051</u>	<u>\$ -</u>	<u>\$ 1,891,311</u>
Less accumulated depreciation for:				
Buildings	\$ (127,192)	\$ (15,270)	\$ -	\$ (142,462)
Equipment	<u>(849,726)</u>	<u>(145,882)</u>	<u>-</u>	<u>(995,608)</u>
Total accumulated depreciation	<u>\$ (976,918)</u>	<u>\$ (161,152)</u>	<u>\$ -</u>	<u>\$ (1,138,070)</u>
Total capital assets being depreciated, net	<u>\$ 845,342</u>	<u>\$ (92,101)</u>	<u>\$ -</u>	<u>\$ 753,241</u>
Total capital assets	<u>\$ 848,851</u>	<u>\$ (92,101)</u>	<u>\$ -</u>	<u>\$ 756,750</u>

Depreciation expense of \$161,152 for the year ended December 31, 2011, was charged to the public safety functions.

**NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable and accrued liabilities at December 31, 2011, were as follows:

Accounts payable	\$	2,298
Accrued liabilities:		
Accrued interest	\$	7,891
Retirement		2,946
Withholding		<u>2,395</u>
Total	\$	<u>15,530</u>

**FIRE PROTECTION DISTRICT NO. 1 OF  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 7 - GENERAL LONG-TERM DEBT**

At December 31, 2011, long-term debt was comprised of the following:

\$160,000 - 2007 Certificates of indebtedness due in annual installments of \$29,000 to \$36,000, beginning March 1, 2010, through March 1, 2014, interest at 5.1%	\$	101,000
\$263,185 - Capital One note payable due in annual installments of \$59,826, beginning May 1, 2010, through May 1, 2014, interest at 4.99%		162,934
\$25,000 - 2011 Certificate of indebtedness due in annual installments of \$5,577, beginning December 8, 2012, through December 8, 2016, interest at 3.75%		25,000
Compensated absences		<u>11,329</u>
	<u>\$</u>	<u>300,263</u>

The following is a summary of the long-term debt transactions for the year ended December 31, 2011:

	<u>Balance</u> <u>12-31-2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12-31-2011</u>	<u>Due Within</u> <u>One Year</u>
Certificates of indebtedness	\$ 131,000	\$ 25,000	\$ 30,000	\$ 126,000	\$ 36,640
Note payable	212,161	-	49,227	162,934	51,686
Compensated absences	-	11,329	-	11,329	11,329
Total	<u>\$ 343,161</u>	<u>\$ 36,329</u>	<u>\$ 79,227</u>	<u>\$ 300,263</u>	<u>\$ 99,991</u>

The maturity schedule for the debt is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 93,991	\$ 13,208	\$ 107,199
2013	97,746	8,999	106,745
2014	97,973	4,347	102,320
2015	5,181	396	5,577
2016	<u>5,372</u>	<u>201</u>	<u>5,573</u>
Total	<u>\$ 300,263</u>	<u>\$ 27,151</u>	<u>\$ 327,414</u>

**FIRE PROTECTION DISTRICT NO. 1 OF  
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ST. JOSEPH, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 8 - PENSION PLANS**

**Plan Description:** The District contributes to the Firefighters' Retirement System. The plan is a cost-sharing, multiple-employer, defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Louisiana Revised Statutes 11:2551 et seq. grants the board of trustees the authority to establish and amend benefit provisions of the plans.

The retirement system issues publicly available financial reports that include financial statements and required supplementary information for the plans. The financial reports may be obtained from:

Firefighters' Retirement System  
P. O. Box 94095, Capital Station  
Baton Rouge, Louisiana 70804-9095

**Funding Policy:** Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District's rate is 23.25% of annual covered payroll as of December 31, 2011. The District's contribution to the plan for the year ending December 31, 2011, was \$23,275.

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to certain risks of losses such as property damage, liability issues, and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

**SECTION III**

**ADDITIONAL REQUIRED SUPPLEMENTAL INFORMATION**

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS) - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
<b>Taxes</b>				
Ad valorem taxes	\$ 270,521	\$ 334,459	\$ 319,921	\$ (14,538)
Sales tax	100,000	99,000	99,000	-
Intergovernmental revenue	52,500	45,144	45,144	-
Interest income	100	115	117	2
Other revenues	21,500	26,282	26,291	9
Total revenues	<u>\$ 444,621</u>	<u>\$ 505,000</u>	<u>\$ 490,473</u>	<u>\$ (14,527)</u>
<b>EXPENDITURES</b>				
<b>General government</b>				
Legal and accounting	\$ 10,000	\$ 9,531	\$ 9,531	\$ -
<b>Public safety - fire</b>				
Salaries	91,000	96,323	95,656	667
Insurance	68,500	77,510	77,510	-
Repairs	30,000	48,448	48,673	(225)
Utilities and telephone	18,000	16,781	16,780	1
Supplies	15,000	3,046	2,562	484
Retirement	15,500	23,128	21,393	1,735
Office supplies	5,000	13,820	14,304	(484)
Fuel	12,000	15,291	15,291	-
Travel	5,000	360	360	-
Miscellaneous	12,000	9,808	14,858	(5,050)
Capital outlay	59,826	122,728	69,051	53,677
Total expenditures	<u>\$ 341,826</u>	<u>\$ 436,774</u>	<u>\$ 385,969</u>	<u>\$ 50,805</u>
Excess of revenues over expenditures	<u>\$ 102,795</u>	<u>\$ 68,226</u>	<u>\$ 104,504</u>	<u>\$ 36,278</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers (out)	\$ -	\$ (46,379)	\$ (70,983)	\$ (24,604)
	<u>\$ -</u>	<u>\$ (46,379)</u>	<u>\$ (70,983)</u>	<u>\$ (24,604)</u>
Excess of expenditures over revenues	<u>\$ 102,795</u>	<u>\$ 21,847</u>	<u>\$ 33,521</u>	<u>\$ 11,674</u>
Fund balance, beginning of year	<u>37,303</u>	<u>37,303</u>	<u>37,303</u>	<u>-</u>
Fund balance, end of year	<u>\$ 140,098</u>	<u>\$ 59,150</u>	<u>\$ 70,824</u>	<u>\$ 11,674</u>

See Independent Auditor's Report.



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NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION**

**Budgetary Comparison Schedule**

**1. Basis of Presentation**

The Budgetary Comparison Schedule presents the original legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

**2. Budget/GAAP Reconciliation**

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund.

	<u>General Fund</u>
Net change in fund balance – budget basis . . . . .	\$ 33,521
Increase (decrease)	
Net adjustments for revenue accruals . . . . .	(25,040)
Net adjustments for expenditure accruals . . . . .	(812)
Net change in fund balance – GAAP basis . . . . .	<u>\$ 7,669</u>

See Independent Auditor's Report.

**SECTION IV**

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE**



**SILAS SIMMONS** LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

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

*Members of the Board of Commissioners*

Fire Protection District No. 1 of Tensas Parish, Louisiana  
St. Joseph, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fire Protection District No. 1 of Tensas Parish, Louisiana as of and for the year ended December 31, 2011, which collectively comprise the Fire Protection District No. 1 of Tensas Parish, Louisiana's basic financial statements, and have issued our report thereon dated March 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. The finding is referenced 2011-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 1 of Tensas Parish, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of management of the Fire Protection District No. 1 of Tensas Parish, Louisiana, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Silas Simmons, LLP*

Natchez, Mississippi  
March 12, 2012

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
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ST. JOSEPH, LOUISIANA**

**SCHEDULE OF FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Section 1: Summary of Auditor's Report**

- |  |             |
|--|-------------|
| 1. Type of auditor's report issued on the primary government financial statements:         |             |
| Governmental activities  | Unqualified |
| 2. Internal control over financial reporting:  |             |
| a. Material weakness(es) identified?   | No          |
| b. Significant deficiency(s) identified that are not considered to be material weaknesses? | Yes         |
| 3. Noncompliance material to the primary government financial statements?                  | No          |

**FIRE PROTECTION DISTRICT NO. 1 OF  
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ST. JOSEPH, LOUISIANA**

**DECEMBER 31, 2011**

**STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
------------------	---	------------------------	---	---

**Section I - Internal Control and Compliance Not Material to the Financial Statements**

2010-1	Numerous	We noted the District does not have adequate segregation of duties. One employee controls almost all financial transactions including writing checks, compiling the general ledger, reconciling bank accounts, and co-signing checks. To increase internal controls, we recommend adequate segregation of duties. Because of lack of segregation of duties, internal controls are weakened.	No	This is reported in 2010 as finding 2010-1. Management indicates that it is not cost efficient or feasible to increase the number of employees and had no plans to do so.
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**Section II - Internal Control and Compliance Material to Federal Awards**

None

**Section III - Management Letter**

None

**FIRE PROTECTION DISTRICT NO. 1 OF  
TENSAS PARISH, LOUISIANA  
(A COMPONENT UNIT OF THE TENSAS PARISH POLICE JURY)  
ST. JOSEPH, LOUISIANA**

**STATUS OF CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Reference No.	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>Section I - Internal Control and Compliance Not Material to the Financial Statements</b>				
2011-1	We noted the District does not have adequate segregation of duties. One employee controls almost all financial transactions including writing checks, compiling the general ledger, reconciling bank accounts, and co-signing checks. To increase internal controls, we recommend adequate segregation of duties. Because of lack of segregation of duties, internal controls are weakened.	Management indicates that it is not cost efficient or feasible to increase the number of employees.	Rick Jones	N/A

**Section II - Internal Control and Compliance Material to Federal Awards**

None

**Section III - Management Letter**

None