

WARD 2 FIRE DISTRICT
Pioneer, Louisiana

**Report on Audit
Of
Basic Financial Statements
For the Year Ended
December 31, 2009**

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 8/25/10

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**WARD 2 FIRE DISTRICT
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Independent Auditor's Report

Board of Directors
Ward 2 Fire District
Pioneer, Louisiana

I have audited the accompanying financial statements of the governmental activities of the Ward 2 Fire District, a component unit of the West Carroll Parish Police Jury, as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Ward 2 Fire District's management. My responsibility is to express opinions on these financial statements, based on my audit.

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

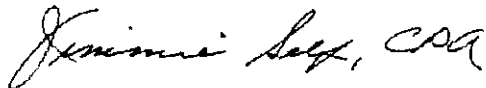
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Ward 2 Fire District, as of December 31, 2009, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 30, 2010, on my consideration of the Ward 2 Fire District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

As described in Note 10, due to a step-up from a compilation to an audit, the District has implemented the new financial reporting model as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as of December 31, 2009.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Additionally, I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the district's financial statements as a whole. The other supplemental information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, I express no opinion on them.



Jimmie Self, CPA
Monroe, Louisiana
July 30, 2010

Required Supplementary Information
(Part I)

Management Discussion and Analysis

WARD 2 FIRE DISTRICT
Pioneer, Louisiana
Management Discussion and Analysis
December 31, 2009

As management of the Ward 2 Fire District we offer readers the Management's Discussion and Analysis (MD&A), a narrative overview and examination of the financial activities for the year ended December 31, 2009. The MD&A is designed to provide an objective and easy to read evaluation of the District's financial activities based on currently known facts, decisions, and conditions. It is also intended to provide readers with a broad overview of the District's finances and an analysis of short-term and long-term activities of the District based on information presented in the financial report and fiscal policies that have been adopted. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify fund issues or concerns.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes (Notes to the Financial Statements), reports, and the other Financial Statements and Schedules (Required Supplementary Information) that are provided in addition to this Management Discussion and Analysis.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The basic financial statements consist of the following components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

1. Government-Wide Financial Statements

Government-Wide Financial Statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

A. The *Statement of Net Assets* presents information on all the District's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is 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 weakening.

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B. The *Statement of Activities* presents information showing how government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The government-wide financial statements further assist the reader in their evaluation by distinguishing functions of the District into:

- A. *Governmental activities* that are principally supported by taxes and intergovernmental revenues, and
- B. *Business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges.

Financial Highlights

This annual consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities the activities of the District as a whole and present a longer term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. The District maintains one governmental fund, for daily operations.

Summary of Statement of Net Assets		
	Governmental Activities	
	2008	2009
Current and other assets	148,695	77,008
Capital Assets	600,729	648,223
Total Assets	749,424	725,231
Current Liabilities	-	-
Long-Term Liabilities	-	125,000
Total Liabilities	-	125,000
Net Assets		
Invested in capital Assets		
net of related debt	447,825	523,223
Restricted for debt		15,200
Unrestricted	301,599	61,808
Total net assets	749,424	600,231

Note: At 12/31/2008, Capital Assets of 600,729 did not show accumulated depreciation, since the prior compilations did not compute accumulated depreciation.

WARD 2 FIRE DISTRICT
Pioneer, Louisiana
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Governmental Activities

The Governmental Activities of the District include General Government and Public Safety. Sales taxes collected and distributed by the West Carroll Parish Police Jury, insurance rebates, interest, and grants fund most of these governmental activities.

Here we show the District's activities related to those functions typically associated with governments. In the chart below, General government is the only fund which provides fire protection.

Governmental Activities Expenditures	2008	%	2009	%
Public Safety – Fire Protection	\$52,578	100	82,272	98
Interest on Long-Term Debt			2,065	2
Total Program expenses/Revenue	\$52,578	100	\$84,337	100

General revenues are those available for the District to use to pay for the governmental activities as described above.

General Revenues	2008	%	2009	%
Sales Taxes - W.C. Parish Police Jury	\$ 84,335	85	\$ 77,550	37
Insurance Rebate	6,117	6	6,245	3
Donations	275	0	750	0
Investment Income	3,975	4	1,740	1
Miscellaneous	296	1	-	-
Grant Income	4,030	4	-	-
Special Revenue-Cert. of Indebtedness	-	-	125,000	59
Total General Revenues	99,028	100	211,285	100
Change in Net Assets	46,450		126,948	
Net Assets, Beginning of Year, originally	102,245		626,188	
Prior Period Adjustment	-		(152,905)	
Net Assets, as Restated, Beginning of yr	-		473,283	
Net Assets, End of Year	\$ 148,695		\$ 600,231	

For the prior year ended December 31, 2008, Sales Taxes were the largest revenue source for the District comprising 36% of total governmental revenue. Second largest revenue source for the District was Insurance Rebate, comprising 6% of the total governmental revenue.

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December 31, 2009

For the current year ended December 31, 2009, the Certificate of Indebtedness of \$125,000 was the largest revenue source for the District. Sales Tax revenues in the amount of \$77,550 are the second largest revenue source for the District comprising 37% of the total governmental revenue.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like any other state or local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There is only a governmental fund in the Fire District

A. Governmental funds are used to account for most of the District's basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Those funds are reported using modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on pages 15 and 17.

The District maintains one governmental fund. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund. The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

Financial Analysis of Government Funds

At the close of the previous fiscal year ended December 31, 2008, the District's governmental funds reported combined ending fund balances of 148,695.

WARD 2 FIRE DISTRICT
Pioneer, Louisiana
Management Discussion and Analysis
December 31, 2009

At the close of the current fiscal year ended December 31, 2009, the District's governmental funds reported fund balances of \$600,231

CHANGES IN FUND BALANCES	
Fund Balance Date	General and Debt Service Fund
December 31, 2008	\$148,695
December 31, 2009	<u>77,008</u>

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and financial statements. The notes to the financial statements can be found immediately following the section entitled "Basic Financial Statements."

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning with a section entitled "Required Supplementary Information – Part I."

A. Budgetary Comparison Schedule – The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule (Schedule 1 in the Required Supplementary Information Part II section) has been provided for these funds to demonstrate compliance with the adopted budget and state laws.

B. Analysis of Significant Budget Variances in the General Fund

Budget Variances - General Fund		
	2008	2009
Revenues	\$14,028 favorable	\$ 427 unfavorable
Expenditures	\$ 5,763 unfavorable	\$ 1,047 unfavorable

WARD 2 FIRE DISTRICT
Pioneer, Louisiana
Management Discussion and Analysis
December 31, 2009

Other Supplementary Schedules

Other Supplementary Schedules are included in this report.

Capital Assets and Debt Administration

1. Capital Assets

For the prior year ended December 31, 2008, the District's investment in capital assets in its governmental activities is \$600,729.

For the current year ended December 31, 2009, the District's investment in capital assets, net of accumulated depreciation in its governmental activities is \$648,223.

The investment in governmental activities assets includes land, buildings, and fire fighting equipment. Additions to governmental activities capital assets within the year in the amount of \$241,374 included a new fire truck.

2. Long-Term Debt

At the end of the prior fiscal year ended December 31, 2008, the District had indebtedness of \$27,000, which was paid in full during 2008.. At the end of the current fiscal year ended December 31, 2009, the District had indebtedness of \$125,000.

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Frankie Jones, Fire Chief, Ward 2 Fire District, P. O. Box 61, Pioneer, LA 71266.

BASIC FINANCIAL STATEMENTS

**WARD 2 FIRE DISTRICT
Pioneer, LA**

EXHIBIT A

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash	\$ 26,167
Investments	35,641
Total Current Assets	<u>61,808</u>
Noncurrent assets:	
Restricted cash and cash equivalents	15,200
Capital assets (Note 4)	
Land (Not depreciable)	5,000
Depreciable buildings, property and equipment, net	643,223
Total noncurrent assets	<u>663,423</u>
Total assets	<u>725,231</u>
 LIABILITIES	
Noncurrent liabilities	
Non-current Portion of Long-term Obligations	125,000
Total Liabilities	<u>125,000</u>
 NET ASSETS	
Invested in capital assets, net of related debt	523,223
Restricted for Debt	15,200
Unrestricted	61,808
Total Net Assets	<u>\$ 600,231</u>

The accompanying notes are an integral part of these statements.

WARD 2 FIRE DISTRICT
Pioneer, LA

EXHIBIT B

Statement of Activities
For the Year ended December 31, 2009

	Expenses	Program Revenues		Net Program Expenses
			Capital Grants and Contributions	
Expenses				
Public Safety-Fire Protection	\$ (82,272)	\$ -		\$ (82,272)
Interest	\$ (2,065)	-		(2,065)
Total Program Expenses	\$ (84,337)	\$ -	\$ -	\$ (84,337)

General Revenues:	
Sales Tax	\$ 77,550
Insurance Rebate	6,245
Donations	750
Investment earnings	1,740
Special Item-Loan Proceeds	125,000
Total General Revenues and special items	<u>211,285</u>
Change in Net Assets	<u>126,948</u>
Net Assets, Beginning of Year	626,188
Prior Period Adjustment, to charge prior years depreciation due to GASB 34	<u>(152,905)</u>
Net Assets, as restated-beginning of year	<u>473,283</u>
Net Assets-end of Year	<u><u>\$ 600,231</u></u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

**WARD 2 FIRE DISTRICT
Pioneer, LA**

EXHIBIT C

**Balance Sheet
Governmental Funds
December 31, 2009**

	<u>General Fund</u>
Assets	
Current Assets:	
Cash	\$ 26,167
Investments	35,641
Total Current Assets	<u>61,808</u>
Non Current Assets:	
Restricted cash and cash equivalents	<u>15,200</u>
Total noncurrent assets	<u>15,200</u>
Total Assets	<u><u>\$ 77,008</u></u>
Fund Balance:	
Restricted	<u>\$ 15,200</u>
Unrestricted	<u>61,808</u>
Total Liabilites and Fund Balance	<u><u>\$ 77,008</u></u>

The accompanying notes are an integral part of this statement.

**WARD 2 FIRE DISTRICT
Pioneer, Louisiana**

EXHIBIT C-1

**Reconciliation of the Balance Sheet
to the Statement of Net Assets
Governmental Funds
For the Year ended December 31, 2009**

Fund Balances - Total Governmental Funds	\$ 77,008
Amounts reported for governmental activities in the statement of net assets are 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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	648,223
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(125,000)
Total Net Assets	<u>\$ 600,231</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT

**WARD 2 FIRE DISTRICT
Pioneer, LA**

Exhibit D

**GOVERNMENTAL FUND TYPE - GENERAL FUND
Statement of Revenues, Expenditures,
And Changes in Fund Balance**

For the Year ended December 31, 2009

	General Fund
REVENUES	
West Carroll Parish Police Jury	\$ 77,550
2% Insurance Rebate	6,245
Donations	750
Interest	1,740
Total Revenues	<u>86,285</u>
EXPENDITURES	
Current - Public Safety:	
Operating Services	31,469
Material and Supplies	672
Utilities	3,833
Equipment Maintenance	3,559
Interest Expense	2,065
Capital Outlay	<u>241,374</u>
Total Expenditures	<u>282,972</u>
Excess of Expenditures over Revenues	<u>(196,687)</u>
OTHER FINANCING SOURCES/USES:	
Certificate of Indebtedness	<u>125,000</u>
Excess (deficiency) of revenues and Certificate of Indebtedness over expenditures	<u>(71,687)</u>
Fund Balance at Beginning of Year	<u>148,695</u>
Fund Balance at End of Year	<u>\$ 77,008</u>

The accompanying notes are an integral part of these financial statements.

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year ended December 31, 2009**

Net Change in Fund Balances - Total Governmental Funds \$ (71,687)

Amounts reported for governmental activities in the statement of activities are 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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Total capital outlays	241,374	
Current depreciation	(40,975)	
See Note 3 - Capital Assets	200,399	200,399

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds. (1,764)

Change in net assets of governmental activities. \$ 126,948

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**NOTES
TO THE
FINANCIAL STATEMENTS**

WARD 2 FIRE DISTRICT

Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

This legal entity was established to provide fire protection for the political subdivision of Ward 2 in the Parish of West Carroll, Louisiana. The District serves the Village of Pioneer and the surrounding areas. This entity operates independent of any other parish governing body, but functions under the guidelines set forth by the West Carroll Parish Police Jury. The District operates under the direction of a board of directors. All members of the board serve with no compensation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

As the governing authority of the parish for reporting purposes, the West Carroll Police Jury is the financial entity for West Carroll Parish. The financial entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the West Carroll Police Jury 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. The criterion includes:

- a. Appointing a voting majority of an organization's governing body, and
 1. The ability of the police jury to impose its will on that organization and/or
 2. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- b. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- c. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

Because the Ward 2 Fire District is fiscally dependent on the police jury, the district was determined to be a component unit of the West Carroll 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

WARD 2 FIRE DISTRICT

Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the district 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 established governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, *Basic Financial Statements-and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and statement of activities display information about the Ward 2 Fire District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources, measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchanges occur (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The district uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions and activities.

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. The only fund for the district is the governmental fund, which is also a major fund. The fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues or expenditures of the individual

WARD 2 FIRE DISTRICT

Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

governmental fund is at least 10% of the corresponding total for all governmental funds. The major fund of the District is described below:

Governmental Fund Type

General Fund – The general operating fund of the district and accounts for all financial activities.

C. BASIS OF ACCOUNTING

The amounts reflected in the 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. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and used (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District operations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the governmental funds use the modified accrual basis of accounting, revenues 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 in 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 fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principle payments on long-term debt which is recognized when due, and certain compensated absences and claims of judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues:

All revenues are recorded when the district is entitled to the funds.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting, when the liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have accumulated in the debt service fund for payments to be made early in the

WARD 2 FIRE DISTRICT
Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

following year. Capital expenditures are regarded as expenditures at the time purchased.

D. BUDGET PRACTICES

The proposed budget, prepared on the GAAP basis of accounting, was prepared and adopted by the board of commissioners in December, 2008. The budget is established and controlled by the board of commissioners at the object level of expenditure. Encumbrance accounting is not utilized in the district's records. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts in the accompanying financial statements included the original adopted budget. There were subsequent amendments to the budget. A review of the budgeted and actual disbursements showed them to be within the 5% limit.

E. CASH

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks under Louisiana law and national banks having principal offices in Louisiana.

The 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 securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal amount on deposit with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

F. INVESTMENTS

Investments are limited by the Louisiana Revised Statute R. S. 33:2955 and the political subdivision's investment policy. If original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. All investments and bank certificates of deposit are stated at cost.

G. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other

WARD 2 FIRE DISTRICT

Pioneer, Louisiana

Notes to the Financial Statements For the Year ended December 31, 2009

commitments for the expenditure of moneys are recorded in order to reserve that portion of applicable appropriation is not employed by the district as an extension of formal budgetary integration in the funds.

H. RISK MANAGEMENT

The fire district is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the district carries insurance coverage with the Bernard Insurance Agency in Shreveport, LA. The policy covers general liability, property damage, employee liability, and public officials' liability. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended 12/31/2009.

I. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The district maintains a threshold level of \$600 or more for capitalizing capital assets. Due to the fact, the District has been reporting compiled financial statements, since the reporting financial statements required audited statements, this is the first time they have implemented GASB 34, hence no prior depreciation has been charged. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported as capital assets in the general fund. All purchased capital assets are valued at historical cost. Approximately 50 per cent of capital assets are valued at actual cost while the remaining 50 percent is valued at estimated cost, based on the actual historical cost of like items.

Capital assets are recorded in the statement of net assets and statement of activities. No salvage value is used for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Useful Lives</u>
Buildings	30 Years
Equipment	5-20 Years
Vehicles	10-20 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

WARD 2 FIRE DISTRICT

Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

J. EQUITY CLASSIFICATION

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted", or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

K. 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 statement, and the reported amounts of revenue, and expenditures during the reporting period. Actual results could differ from those estimates.

L. LONG TERM DEBT

All long-term debts to be repaid from governmental resources are reported as liabilities in the government-wide statements. Long-term debts for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment and interest reported as expenditures. (See Note 5)

M. SALES TAXES

In 1997, the West Carroll Parish Police Jury passed a ½ % sales tax for fire protection in the parish. This tax is divided among the fire districts for the purpose of fire protection. This was a 10-year tax.

WARD 2 FIRE DISTRICT

Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

The tax was again placed before the people in a 2006 voting referendum and was approved for re-enactment in 2007. The proceeds from this tax are collected by the police jury and passed along to the individual fire districts on a monthly basis.

N. CERTIFICATE OF INDEBTEDNESS

A certificate of indebtedness was incurred during the year of 2009 in the purchase of a fire truck. See Note 5 for a full explanation.

NOTE 2. CASH AND CASH EQUIVALENTS

The Ward 2 Fire District maintains its checking accounts in the Commercial Capital Bank in Delhi, Louisiana. The district had a balance in its accounts on December 31, 2009 of \$41,367. The checking and investment accounts in aggregate are insured by the FDIC in the amount of \$250,000.

NOTE 3. INVESTMENTS

The District has investments in the form of Certificates of Deposit with the Commercial Capital Bank in Delhi, Louisiana in the amount of \$35,641. The checking and investment accounts in aggregate are insured by the FDIC in the amount of \$250,000.

NOTE 4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance December 31, 2008	Additions	Depreciation	Balance December 31, 2009
Fixed Assets	600,729	241,374	-	842,102
Accumulated Depr.	-	-	(193,879)	(193,879)
Total	<u>600,729</u>	<u>241,374</u>	<u>(193,879)</u>	<u>648,223</u>

Land (\$5,000) is not depreciated. \$40,975, current depreciation is allocated to Fire Safety.

WARD 2 FIRE DISTRICT

Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

NOTE 5. LONG-TERM INDEBTEDNESS

On February 10, 2009, the West Carroll Parish Police Jury adopted a resolution approving issuance, sale, and delivery of \$125,000 of Certificates of Indebtedness, Series 2009, of West Carroll Parish Fire District No. 2 (Ward 2 Fire District, a component unit of the West Carroll Parish Police Jury). In conjunction with the issuance of certificates of indebtedness was an "Offer to Purchase" by the West Carroll Parish Fire District No. 2 dated February 10, 2009 for the express purpose "to acquire a fire truck and other fire fighting equipment and pay costs of issuance of the Certificates." Details of the Certificates of Indebtedness are shown below.

On May 12, 2009, Certificates of Indebtedness, Series 2009, were issued by the Louisiana Public Facilities Authority, 2237 S. Acadian Thruway, Suite 650, Baton Rouge, LA, 70508, to the Ward 2 Fire District in the amount of \$18,000. These are non-interest bearing certificates of issue. The certificates are numbered R-2, R-4, R-6, R-8, and R-10, and mature for payment as shown below.

Certificate Number	Maturity Date	Amount
R-2	04/01/2011	\$ 3,000
R-4	04/01/2012	3,000
R-6	04/01/2013	4,000
R-8	04/01/2014	4,000
R-10	04/01/2015	4,000
TOTAL		<u>\$ 18,000</u>

In addition to the above-described certificates of indebtedness, the Commercial Capital Bank of Delhi, Louisiana, on May 12, 2009, issued Certificates of Indebtedness to the Ward 2 Fire District in the amount of \$107,000. The rate of interest is 5% per annum, with interest payments due semi-annually on April 1 and October 1, commencing October 1, 2009. The certificates are numbered R-1, R-3, R-5, R-7, R-9, and R-11, and mature for payment as shown below.

Certificate Number	Maturity Date	Amount
R-1	04/01/2010	\$ 16,000
R-3	04/01/2011	17,000
R-5	04/01/2012	16,000
R-7	04/01/2013	17,000
R-9	04/01/2014	18,000
R-11	04/01/2015	23,000
TOTAL		<u>\$ 107,000</u>

WARD 2 FIRE DISTRICT
Pioneer, Louisiana

Notes to the Financial Statements
For the Year ended December 31, 2009

The District has established a sinking fund in preparation for annual payments toward retiring the long term indebtedness and payment of interest on the note to Commercial Capital Bank of Delhi, LA. \$2100 per month is placed into a savings account to be held until the notes payable listed above are due for payment. The sinking fund balance at 12/31/2009 was \$15,200.

NOTE 6. RELATED PARTY TRANSACTIONS

There are no related party transactions to disclose as required by FASB 57.

NOTE 7. LITIGATION AND CLAIMS

The Ward 2 Fire District is not a defendant in any litigation seeking damages.

NOTE 8. SUBSEQUENT EVENTS

There were no events that occurred after year end and the issuing of this report that would materially affect the financial statements as issued.

NOTE 9. PRIOR PERIOD ADJUSTMENT

The prior period adjustment shown in the Statement of Activities was the result of a step-up from a Compilation filed in 2007 and 2008 to an audit report for 2009 (see Note 10). No depreciation to fixed assets was required nor had it been used in those prior report years. The net effect for 2009 will be a decrease in fixed assets with a decrease in fund balance.

NOTE 10. UPGRADE FROM COMPILATION TO AUDIT

Ward 2 Fire District for the past several years (with the exception of 2006 during which the District received substantial grant revenues) has reported its governmental activities in the form of a compilation as required by Louisiana statutes. For the year ended December 31, 2009, the District incurred a \$125,000 certificate of indebtedness for the purchase of a fire truck which pushed the total revenues for the year over the \$199,000 limit for reporting by way of a compilation. Management has agreed to report by way of an audit for the year ended December 31, 2009 in compliance with the request of the Legislative Auditor.

Required Supplementary Information
(Part II)

**WARD 2 FIRE DISTRICT
Pioneer, LA**

Schedule 1

**GOVERNMENTAL FUND TYPE - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
West Carroll Parish Police Jury	\$ 80,000	\$ 77,550	\$ (2,450)
2% Insurance Rebate	6,200	6,245	(302)
Donations	-	750	750
Interest Income	400	1,740	1,340
Special items-certificate of indebtedness	125,000	125,000	251
Total Revenues	<u>211,600</u>	<u>211,285</u>	<u>(427)</u>
EXPENDITURES			
Current - Public Safety			
Operating Services	29,255	31,469	(2,214)
Material and Supplies	855	672	183
Utilities	5,000	3,833	1,167
Equipment Maintenance	5,275	3,559	1,716
Interest Expense	-	2,065	(2,065)
Capital Outlay	241,540	241,374	166
Total Expenditures	<u>281,925</u>	<u>282,972</u>	<u>(1,047)</u>
EXCESS OF EXPENDITURES OVER REVENUES	(70,325)	(71,687)	1,362
FUND BALANCE AT BEGINNING OF YEAR	<u>148,695</u>	<u>148,695</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 78,370</u>	<u>\$ 77,008</u>	<u>\$ 1,362</u>

**OTHER SUPPLEMENTAL
INFORMATION**

WARD 2 FIRE DISTRICT
Pioneer, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
For the year ended December 31, 2009

COMPENSATION PAID COMMISSIONERS

The names and addresses of the commissioners who serve on the board of the Ward 2 Fire District are listed below. They all serve without any financial compensation. They are as follows:

Wayne Allen – President
1980 Hwy 588
Pioneer, LA 71266
318/926-5141

Frankie Jones – Fire Chief
P. O. Box 176
Pioneer, LA 71266
318/428-2227

Donald Goodwin – Secretary/Treasurer
1033 Dummy Line Road
Pioneer, LA 71266
318/926-4535

Chester Henshaw – Board Member
120 Otis Wade Road
Oak Grove, LA 71263
318/428-7825

Willie James Pritchard – Board Member
PO Box 63
Pioneer, LA 71266
318/428-3687

David Clark – Board Member
P. O. Box 73
Pioneer, LA 71266
318/428-0358

JIMMIE SELF, CPA
A PROFESSIONAL ACCOUNTING CORPORATION
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

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

Board of Directors
Ward 2 Fire District
Pioneer, Louisiana

I have audited the basic financial statements of the Ward 2 Fire District, a component unit of the West Carroll Police Jury, State of Louisiana, as of and for the year ended December 31, 2009, and have issued my report thereon dated July 30, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

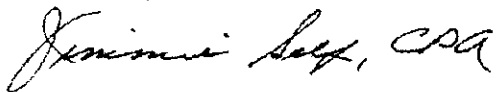
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management of the District and 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 Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, Louisiana
July 30, 2010

WARD 2 FIRE DISTRICT
A component unit of the
WEST CARROLL POLICE JURY
Pioneer, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2009

Findings for the Current Year Ended December 31, 2009

None

Findings for the Prior Year Ended December 31, 2008

Finding 2008-01:

The actual expenditures for the year exceeded budgeted expenditures by an amount in excess of the 5% which is required by Louisiana Statutes.

Recommendation:

Management is advised to timely amend the budget so that budgeted expenditures and revenues are within 5% of the actual expenditures and revenues.

Management's Response:

Management agrees to timely amend the budget to reflect shortfalls or overages in the revenues and expenditures as compared to the actual revenues and expenditures.

WARD 2 FIRE DISTRICT
A component unit of the
WEST CARROLL POLICE JURY
Pioneer, Louisiana

SUMMARY OF AUDIT FINDINGS
For the Year Ended December 31, 2009

Summary of Audit Results

- The auditor's report expresses an unqualified opinion on the basic financial statements of the Ward 2 Fire District, of West Carroll Parish, State of Louisiana.
- During the audit of the basic financial statements, there were no deficiencies in internal control disclosed, and neither were there any instances of noncompliance or other matters, both of which are required to be reported in the Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- The prior year findings had been corrected.