

# **WARD 2 FIRE DISTRICT**

**Pioneer, Louisiana**

Compiled Financial Statements  
Year Ended December 31, 2011

**PREPARED BY:**

**JIMMIE L. SELF, CPA**  
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**WARD 2 FIRE DISTRICT**  
**Pioneer, LA**

Financial Statements  
And Supplementary Information  
Year Ended  
December 31, 2011

**TABLE OF CONTENTS**

	<u>STATEMENT</u>	<u>PAGE</u>
Independent Accountant's Compilation Report		1
<b><u>General Purpose Financial Statements</u></b>		
Balance Sheet – Enterprise Fund	A	3
Governmental Fund Type – General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual	B	4
<b><u>Notes to Financial Statements</u></b>		
Notes		6-12
<b><u>Supplementary Information Schedules</u></b>		
	<u>SCHEDULE</u>	
Schedule of Compensation Paid Commissioners	1	14
Schedule of Findings and Responses	2	15

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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

Board of Directors  
Ward 2 Fire District  
Pioneer, Louisiana

Dear Mr. Jones and Board Members,

I have compiled the accompanying financial statements of the governmental activities of the Ward 2 Fire District, a component unit of the West Carroll Parish Police Jury, State of Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the Fire District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management of the Fire District in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

The Schedule of Compensation Paid Commissioners and the Schedule of Findings and Responses on pages 14 and 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have compiled the Schedule of Compensation Paid Commissioners and the Findings and Responses from information that is the representation of management of the Fire District, without audit or review. Accordingly, I do not express an opinion or provide any assurance on the supplementary information.

The Ward 2 Fire District did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the year ended December 31, 2011. The effects of this departure from generally accepted accounting principles has not been determined.



JIMMIE SELF, CPA  
MONROE, LOUISIANA  
June 20, 2012

**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

WARD 2 FIRE DISTRICT  
Pioneer, LA

STATEMENT A

ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET

DECEMBER 31, 2011

	Governmental Fund Type		Total Memo Only
	General Fund	General Fixed Assets	
<b>ASSETS AND OTHER DEBITS:</b>			
Cash in Bank Checking	\$ 25,107	\$ -	\$ 25,107
Sinking Fund-Restricted	21,254	-	21,254
Investments	56,680	-	56,680
Fixed Assets	-	877,783	877,783
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 103,041</b>	<b>\$ 877,783</b>	<b>\$ 980,824</b>
<b>LIABILITIES AND FUND EQUITY:</b>			
Liabilities	\$ -	\$ 86,000	\$ 86,000
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>86,000</b>	<b>86,000</b>
<b>FUND EQUITY</b>			
Investments in General Fixed Assets Designated, Sinking Fund	-	791,783	791,783
Undesignated	21,254	-	21,254
<b>TOTAL FUND BALANCE</b>	<b>81,787</b>	<b>-</b>	<b>81,787</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 103,041</b>	<b>\$ 791,783</b>	<b>\$ 894,824</b>
	<b>\$ 103,041</b>	<b>\$ 877,783</b>	<b>\$ 980,824</b>

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**WARD 2 FIRE DISTRICT**  
**Pioneer, LA**

**STATEMENT B**

**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, 2011**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
West Carroll Parish Police Jury 1/2% Sales Tax	\$ 82,000	\$ 81,755	\$ 245
2% Insurance Rebate	6,100	6,087	13
Donations	400	500	(100)
Interest Income	1,150	703	447
Miscellaneous	1,400	1,405	(5)
Total revenues	91,050	90,450	600
<b>EXPENDITURES</b>			
Operating Services	16,130	20,622	(4,492)
Material and Supplies	425	3,010	(2,585)
Maintenance of Equipment	4,440	117	4,323
Interest Expense	4,200	4,125	75
Utilities	4,100	4,595	(495)
Capital Outlay	40,087	31,980	8,107
PurchaseCD #2556	20,000	20,000	-
Total Expenditures	89,382	84,449	4,933
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	1,668	6,001	(4,333)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	98,170	97,040	1,130
<b>FUND BALANCE AT END OF YEAR</b>	\$ 99,838	\$ 103,041	\$ (3,203)

SEE ACCOMPANYING NOTES AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT.

**NOTES  
TO THE  
FINANCIAL STATEMENTS**



**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**

Notes to the Financial Statements  
For the Year Ended December 31, 2011

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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. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of the Ward 2 Fire District have not been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard- setting body for establishing governmental accounting and financial reporting principles. The Ward 2 Fire District did not adopt the provisions of Governmental Accounting Standards Board Statement No. 34 for the current year . The effects of this departure from generally accepted accounting principles has not been determined.

**B. 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 criteria include:

- 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.

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**

Notes to the Financial Statements  
For the Year Ended December 31, 2011

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

### **C. FUND ACCOUNTING**

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed asset and long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with measurement of financial position, not with the measurements of results of operations.

The only fund for the district is the governmental fund. Governmental funds account for the district's general activities, including collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the district include:

1. General Fund – The general operating fund of the district and accounts for all financial activities, except for those required to be accounted for in other funds.

### **D. BASIS OF ACCOUNTING**

The accounting of financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**

Notes to the Financial Statements  
For the Year Ended December 31, 2011

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resources measurement focus. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. Operating statements for these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified 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 be used to pay liabilities of the current period. The district uses the following practices in recognizing and reporting 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.

**E. BUDGET PRACTICES**

The proposed budget, prepared on the GAAP basis of accounting, was prepared and adopted by the board of commissioners during the month of December of the prior year. 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 included 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 above the 5% limit.

**F. 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

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**

Notes to the Financial Statements  
For the Year Ended December 31, 2011

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with the fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**G. 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 are bank certificates of deposit and are stated at cost.

**H. RISK MANAGEMENT**

The fire district is exposed to various risk 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 current year.

**I. FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased or constructed, and reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the fixed assets or materially extend their lives are not capitalized.

**J. COMPENSATED ABSENCES**

The district has no paid employees. Therefore there is no policy relating to vacation and sick leave.

**K. FUND EQUITY**

Reserves

Reserves represent those portions of fund equity not appropriate for expenditures or legally segregated for a specific future use.

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**

Notes to the Financial Statements  
For the Year Ended December 31, 2011

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Designated Fund Balances

A designated fund balance is set aside as a sinking fund for repayment of a \$125,000 certificate of indebtedness. See Note 8.

**L. SALES TAX REVENUES**

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

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.

**M. TOTAL COLUMNS ON STATEMENTS**

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not represent the financial position or result of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a compilation.

**N. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principals 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 revenues and expenses during the reporting period. Actual results could differ from these estimates.

**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, 2011 of \$46,361. The checking and investment accounts in aggregate are insured by the FDIC in the amount of \$250,000.

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**

Notes to the Financial Statements  
For the Year Ended December 31, 2011

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**NOTE 3. INVESTMENTS**

As of December 31, 2011, the District had investments in the form of Certificates of Deposit in the Commercial Capital Bank in Delhi, Louisiana in the amount of \$56,680

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, 2010	Additions	Deletions	Balance December 31, 2011
Fixed Assets	845,803	31,980		877,783
Accumulated Depr.	-	-	0	
Total	845,803	31,980	0	877,783

**NOTE 5. RELATED PARTY TRANSACTIONS**

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

**NOTE 6. LITIGATION AND CLAIMS**

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

**NOTE 7. SUBSEQUENT EVENTS**

Subsequent events were evaluated by management up to and including the issue date of this report, June 20, 2012. There were no subsequent events noted which would affect the financial statements for the year ended December 31, 2011.

**NOTE 8. 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

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**

Notes to the Financial Statements  
For the Year Ended December 31, 2011

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-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
<b>TOTAL</b>		<b>\$ 15,000</b>

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-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
<b>TOTAL</b>		<b>\$ 91,000</b>

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 12/31/2011 was \$21,254.

**SUPPLEMENTARY  
INFORMATION SCHEDULES**



WARD 2 FIRE DISTRICT  
Pioneer, Louisiana

SUPPLEMENTARY INFORMATION SCHEDULE  
For the Year Ended December 31, 2011

COMPENSATION PAID COMMISSIONERS

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

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

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

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

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

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

David Clark  
PO Box 73  
Pioneer, LA 71266  
318/428-0358

**SCHEDULE OF FINDINGS AND RESPONSES**  
**Ward 2 Fire District**  
**Pioneer, Louisiana**

Findings for the Current Year Ended December 31, 2011

**FINDING 2011-1**

CRITERIA: Duties should be distributed among employees

CONDITION: Inadequate segregation of duties

CONTEXT: The district has only one person for handling the duties of the office personnel. Office duties are a part-time job.

EFFECT OF CONDITION: Internal control is weakened by the limited staff. Risk is mitigated and internal control is strengthened by the continuing oversight of the board.

CAUSE OF CONDITION: The staff consists of only one person.

RECOMMENDATION: Hire more employees and redistribute duties.

CLIENT RESPONSE: This would be impractical and cannot be remedied due to lack of funds.

Findings for the Prior Year Ended December 31, 2010

Finding 2010-01: There is insufficient segregation of duties for the staff of the fire district. Solving the problem would require the hiring of paid staff which would be cost prohibitive. All members of the fire district are volunteers. The president and board members exercise oversight of the fiscal and financial operations of the district to satisfy a proper level of segregation of duties by calling monthly board meetings and the requiring two signatures on all checks.