

# **WARD 2 FIRE DISTRICT**

## **Pioneer, Louisiana**

### **Report on Audit Of Basic Financial Statements For the Year Ended December 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-18-07

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**WARD 2 FIRE DISTRICT  
Pioneer, Louisiana**

**Table of Contents  
As of and for the Year Ended December 31, 2006**

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1-2
<b><u>Required Supplementary Information (Part I)</u></b>		
Management Discussion and Analysis		4-9
<b><u>Basic Financial Statements</u></b>		
Government-Wide Statements:		
Statement of Net Assets	A	11
Statement of Activities	B	12
<b><u>Fund Financial Statements</u></b>		
Governmental Funds:		
Balance Sheet – Governmental Funds	C	14
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Fund	C-1	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	D	16
Reconciliation of the Statement of Revenues Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-1	17
	<u>Schedule</u>	<u>Page</u>
Notes		19-27
<b><u>Required Supplementary Information (Part II)</u></b>		
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Budget (GAAP Basis) to Actual	1	29

**WARD 2 FIRE DISTRICT  
Pioneer, Louisiana**

**Table of Contents  
As of and for the Year Ended December 31, 2006**

---

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**Other Supplemental Information**

Schedule of Compensation Paid Elected Officials	31
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32-33
Schedule of Findings and Questioned Costs	34

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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 Ward 2 Fire District, a component unit of the West Carroll Parish Police Jury, as of and for the year ended December 31, 2006, 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 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.

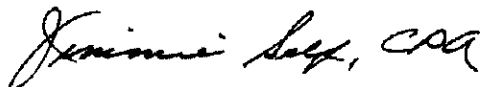
In my opinion, the respective financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Ward 2 Fire District, as of December 31, 2006, and the respective changes in financial position, for the year then ended in 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 June 25, 2007, 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 read in conjunction with this report in considering 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, 2006.

The Management's Discussion and Analysis and the budgetary information on pages 4 – 9 and 28 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 applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The other supplemental information listed in the Table of Contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements of the Ward 2 Fire District. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on it.



Jimmie Self, CPA  
Monroe, Louisiana  
June 25, 2007

**Required Supplementary Information  
(Part I)**

**Management Discussion and Analysis**

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**  
**Management Discussion and Analysis**  
**December 31, 2006**

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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, 2006. The MD&A is designed to provide an objective and easy to read evaluation of the Village'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 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 Village'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.

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**  
**Management Discussion and Analysis**  
**December 31, 2006**

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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

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2006</u>
Current and other assets	119,803	91,591
Capital Assets	348,635	452,600
Capital Assets-L/T debt	-	14,000
Total Assets	<u>468,438</u>	<u>558,191</u>
Current Liabilities	-	140
Long-Term Liabilities	27,000	14,000
Total Liabilities	<u>27,000</u>	<u>14,140</u>
 Net Assets		
Invested in capital Assets		
net of related debt	321,635	438,600
Restricted for debt	27,000	14,000
Unrestricted	119,803	91,451
Total net assets	<u>441,438</u>	<u>544,051</u>



**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**  
**Management Discussion and Analysis**  
**December 31, 2006**

**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	2005	%	2006	%
Public Safety – Fire Protection	\$43,094	76	-70,334	98
Paid on Debt	13,000	14		
Interest on Long-Term Debt			-1,320	2
Program Revenues - Grant			164,684	67
Total Program expenses/Revenue	<u>\$56,094</u>	<u>100</u>	<u>\$93,030</u>	<u>100</u>

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

General Revenues	2005	%	2006	%
Sales Taxes - W.C. Parish Police Jury	\$ 63,466	87	\$ 71,920	87
Insurance Rebate	5,025	7	5,698	7
Donations	350	2	2,114	2
Investment Income	1,244	3	2,406	3
Miscellaneous	86	1	254	1
Total General Revenues	<u>72,654</u>	<u>100</u>	<u>82,387</u>	<u>100</u>
Change in Net Assets	16,560		175,417	
Net Assets, Beginning of Year, originally	424,878		441,438	
Prior Period Adjustment			(72,805)	
Net Assets, as Restated, Beginning of yr			368,634	
Net Assets, End of Year	<u>\$ 441,438</u>		<u>\$ 544,051</u>	

For the prior year ended December 31, 2005, Sales Taxes were the largest revenue source for the District comprising 87 % of total governmental revenue. Grant Income was the second largest revenue source for the District comprising 3% of the total governmental revenue.

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**  
**Management Discussion and Analysis**  
**December 31, 2006**

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For the current year ended December 31, 2006, the grant for a fire truck in the amount of \$161,000 was the largest revenue source for the District. Sales Tax revenues in the amount of \$71,920 are the second largest revenue source for the District comprising 29% 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 funds. 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, 2005, the District's governmental funds reported combined ending fund balances of \$92,803.

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**  
**Management Discussion and Analysis**  
**December 31, 2006**

At the close of the current fiscal year ended December 31, 2006, the District's governmental funds reported combined fund balances of \$91,451.

CHANGES IN FUND BALANCES	
Fund Balance Date	General and Debt Service Fund
December 31, 2005	\$92,803
December 31, 2006	<u>\$ 91,451</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 and Fire Fund.

Budget Variances - General Fund and Fire Fund		
	2005	2006
Revenues	\$ 474 favorable	\$ 427 unfavorable
Expenditures	\$ 566 favorable	\$ 1,860 favorable

**Other Supplementary Schedules**

**WARD 2 FIRE DISTRICT**  
**Pioneer, Louisiana**  
**Management Discussion and Analysis**  
**December 31, 2006**

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Other Supplementary Schedules are included in this report.

**Capital Assets and Debt Administration**

**1. Capital Assets**

For the prior year ended December 31, 2005, the District's investment in capital assets, net of accumulated depreciation, in its governmental activities is \$348,635.

For the current year ended December 31, 2006, the District's investment in capital assets, net of accumulated depreciation in its governmental activities is \$552,600.

The investment in governmental activities assets includes land, buildings, and. Additions to governmental activities capital assets within the year in the amount of \$202,360 included a new fire truck and other accessories for the truck.

**2. Long-Term Debt**

At the end of the prior fiscal year ended December 31, 2005, the District had indebtedness of \$27,000. At the end of the current fiscal year ended December 31, 2006, the District had indebtedness of \$14,000.

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, 2006**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 26,386
Investments	62,021
Receivable:	
Grant Receivable	3,184
Capital Assets:	
Land	5,000
Capital Assets, Net	447,600
Capital Assets, Long-term debt	14,000
Total Assets	<u>558,191</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accrued Interest Payable	140
Non-current Portion of Long-term Obligations	14,000
Total Liabilities	<u>14,140</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	438,600
<b>FUND BALANCE</b>	
Restricted for Debt	14,000
Unrestricted	91,451
<b>TOTAL NET ASSETS</b>	<u>\$ 544,051</u>

The accompanying notes are an integral part of these statements.

Statement of Activities  
For the Year ended December 31, 2006

	Expenses	Program Revenues		Net Program Expenses
			Capital Grants and Contributions	
<b>Expenses</b>				
Public Safety-Fire Protection	\$ (70,334)	\$ -	\$ 164,684	\$ 94,350
Interest on Long-term Debt	\$ (1,320)	-		(1,320)
Total Program Expenses	\$ (71,654)	\$ -	\$ 164,684	\$ 93,030

General Revenues:	
Sales Tax	\$ 71,920
Insurance Rebate	5,698
Donations	2,112
Investment Income	2,406
Miscellaneous	251
Total General Revenues	82,387
Change in Net Assets	175,417
Net Assets, Beginning of Year	441,438
Prior Period Adjustment, to charge prior years depreciation due to GASB 34	(72,804)
Net Assets, as restated-beginning of year	368,634
Net Assets-end of Year	\$ 544,051

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, 2006**

	<u>General Fund</u>
<b>Assets</b>	
Cash	\$ 26,386
Investments	62,021
Grant Receivable	3,184
<b>Total Assets</b>	<u><u>\$ 91,591</u></u>
<b>Liabilities and Fund Balance</b>	
<b>Liabilities: Current</b>	
Accrued Interest Payable	\$ 140
<b>Total Liabilities</b>	<u>140</u>
<b>Fund Balance:</b>	
Unreserved	91,451
<b>Total fund balance</b>	<u>91,451</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 91,591</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, 2006**

Fund Balances - Total Governmental Funds \$ 91,451

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation of \$452,600 are not financial resources, therefore are not reported in the governmental funds. (See Note 4) 452,600

Accrued Liabilities

Net Assets of Governmental Activities \$ 544,051

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, 2006**

	<u>General Fund</u>
<b>REVENUES</b>	
West Carroll Parish Police Jury	71,920
Grant	164,684
2% Insurance Rebate	5,698
Donations	2,112
Interest	2,406
Miscellaneous	251
Total Revenues	<u>247,073</u>
<b>EXPENDITURES</b>	
Current - Public Safety:	
Operating Services	26,659
Material and Supplies	1,242
Utilities	3,704
Principal Paid on Certificate of Indebtedness	13,000
Interest Expense	1,320
Capital Outlay	202,360
Total Expenditures	<u>248,285</u>
<b>Excess of Expenditures over Revenues</b>	(1,212)
<b>Fund Balance at Beginning of Year</b>	92,663
<b>Fund Balance at End of Year</b>	<u>91,451</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, 2006**

Net Change in Fund Balances - Total Governmental Funds \$ (1,212)

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	202,360	
Current depreciation	(25,591)	
See Note 3 - Capital Assets	176,769	176,769

Accrued Interest, Long term debt (140)

Total Change in Net Assets \$ 175,417

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, 2006

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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. 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, 2006

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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, 2006

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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, 2006

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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, 2006. 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, 2006

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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 12/31/2006.

**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. Due to implementation of GASB 34 at December 31, 2006, the depreciation charged is due to depreciation being computed for the general fund. In the fund financial statements, capital assets used in governmental fund operations are accounted for as

**WARD 2 FIRE DISTRICT**  
Pioneer, Louisiana

Notes to the Financial Statements  
For the Year ended December 31, 2006

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capital outlay expenditures of the governmental fund upon acquisition.

**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.

**M. SALES TAXES**

In 1997, the West Carroll Parish Police Jury passed a ½ % sales tax for fire protection in

**WARD 2 FIRE DISTRICT**  
Pioneer, Louisiana

Notes to the Financial Statements  
For the Year ended December 31, 2006

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the parish. This tax is divided among the fire districts for the purpose of fire protection. 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.

**N. CERTIFICATE OF INDEBTEDNESS**

The proceeds of the certificate were to provide equipment and buildings for the district. The Certificate was privately placed. The district established a special bank account into which they pay the amount of \$1300.00 per month. The Certificate calls for interest to be paid every six months and the principal to be paid annually. The Certificate has a 6% interest rate and is amortized over a ten-year period. The payment on this Certificate is current as of December 31, 2006. The details of payments and balances are outlined in NOTE 5- CERTIFICATE PAYABLE.

**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, 2006 of \$26,386. The accounts are insured by the FDIC in the amount of \$100,000.

**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 \$62,021. Each account is insured by the FDIC in the amount of \$100,000.

**NOTE 4. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance December 31, 2005	Additions	Depreciation	Balance December 31, 2006
Capital Assets	348,635	202,360	(98,395)	452,600
Total	348,635	202,360	(98,395)	452,600

Depreciation expense in the amount of \$25,591 was allocated to fire fighting and rescue

**WARD 2 FIRE DISTRICT**

Pioneer, Louisiana

Notes to the Financial Statements  
For the Year ended December 31, 2006

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in 2006. ( See also NOTE 9.)

**NOTE 5. CERTIFICATE OF INDEBTEDNESS PAYABLE**

The district records one item in the "Statement of Net Assets – Statement A" under "Non-Current Portion of Long-Term Obligations" and in the "General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Statement D" as "Principal Paid on Certificate of Indebtedness." The origin of the certificate of indebtedness is outlined in NOTE 1.-N. CERTIFICATE OF INDEBTEDNESS. Certificate of indebtedness obligations are retired from the General Fund. The following is a summary of future minimum certificate payments, together with the total outstanding principal and interest payments, as of December 31, 2006:

TOTAL LONG TERM CERTIFICATE OF INDEBTEDNESS PAYMENTS - 2007	14,140
Total balance due @ December 31, 2006	<u>14,140</u>

**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 of \$72,805 results from implementation of GASB 34, which requires depreciation of the capital assets. This adjustment reduces the total Fund balance by \$72,805.

**NOTE 10. UPGRADE FROM COMPILATION TO AUDIT**

Ward 2 Fire District has for the past several years reported its governmental activities in the form of a compilation as required by Louisiana statutes. For the year ended December 31, 2006, the District received substantial grant revenues for the purchase of a fire truck which pushed the total revenues for the year over the limit for reporting by way

**WARD 2 FIRE DISTRICT**  
Pioneer, Louisiana

Notes to the Financial Statements  
For the Year ended December 31, 2006

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of a compilation. Management has agreed to report by way of an audit for the year ended December 31, 2006.

**Required Supplementary Information**  
**(Part II)**

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

**EXHIBIT E**

**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, 2006**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
West Carroll Parish Police Jury Grant	\$ 72,000	\$ 71,920	\$ (80)
2% Insurance Rebate	165,000	164,684	(316)
Donations	6,000	5,698	(302)
Interest Income	2,000	2,112	112
Miscellaneous	2,500	2,406	(94)
	-	251	251
<b>Total Revenues</b>	<b>247,500</b>	<b>247,073</b>	<b>(427)</b>
<b>EXPENDITURES</b>			
Current - Public Safety			
Operating Services	26,000	26,658	(658)
Material and Supplies	1,323	1,243	80
Utilities	3,572	3,704	(132)
Principal Paid on Certificate of Indebtedness	13,000	13,000	-
Interest Expense	1,250	1,320	(70)
Capital Outlay	205,000	202,360	2,640
<b>Total Expenditures</b>	<b>250,145</b>	<b>248,285</b>	<b>1,860</b>
<b>EXCESS OF EXPENDITURES OVER REVENUES</b>	<b>(2,645)</b>	<b>(1,212)</b>	<b>1,433</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>92,663</b>	<b>92,663</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 90,018</b>	<b>\$ 91,541</b>	<b>\$ 1,433</b>



**SUPPLEMENTAL  
INFORMATION SCHEDULES**

WARD 2 FIRE DISTRICT  
Pioneer, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE  
For the year ended December 31, 2006

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

Clifton Ward – Vice President  
P. O. Box 21  
Pioneer, LA 71266  
318/428-2273

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  
318/926-6027

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

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

Jimmie Self, CPA  
A Professional Accounting Corporation  
2908 Cameron St, Suite C  
Monroe, LA 71201  
Phone (318)-323-4656 • Fax (318)388-0724

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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 financial statements of the governmental activities as of and for the year ended December 31, 2006, which collectively comprise the Ward 2 Fire District's basic financial statements and have issued my report thereon dated June 25, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Ward 2 Fire 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 Ward 2 Fire District's internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. Accordingly, I do not express an opinion on the effectiveness of the Ward 2 Fire District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or its employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Ward 2 Fire District's financial statements that is more than inconsequential will not be prevented or detected by the Ward 2 Fire District's internal control.

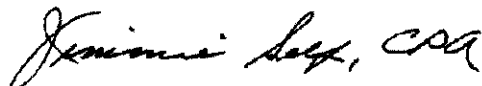
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Ward 2 Fire District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Ward 2 Fire 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 such 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 Ward 2 Fire District, others within the Ward 2 Fire District, and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Jimmie Self, CPA  
Monroe, Louisiana  
June 25, 2007

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2006

**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.
- There were no reportable conditions in internal control disclosed during the audit of the basic financial statements which were 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*.
- There were no prior year findings.