

**WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2012**

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2012

C O N T E N T S

	Statement	Page No.
Independent Auditor's Report		3
Required Supplemental Information:		
Management's Discussion and Analysis		6
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	A	11
Statement of Activities	B	12
Fund Financial Statements:		
Governmental Fund:		
Balance Sheet	C	13
Statement of Revenues, Expenditures and Changes in Fund Balances	D	14
Notes to the Financial Statements		16
		Schedule Page No.
Required Supplemental Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and And Actual - General Fund	1	25

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Annual Financial Statements
As of and for the Year Ended December 31, 2012

C O N T E N T S (Contd.)

Schedule Page No.

Other Supplemental Information Schedules:

Status of Prior Audit Year Findings 2 27

**Independent Auditor's Reports Required by
*Government Auditing Standards:***

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* 29

Current Year Findings and Management's
Corrective Action Plan 31

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Auditor's Report

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

I have audited the accompanying financial statements of the governmental activities and major fund of Ward 4 Fire Protection District of Jackson Parish, a component unit of the Jackson Parish Police Jury, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Independent Auditor's Report
December 31, 2012

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Ward 4 Fire Protection District of Jackson Parish, as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 and the budgetary comparison information on page 25 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. 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 our 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.

Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ward 4 Fire Protection District of Jackson Parish's basic financial statements. The Status of Prior Year Audit Findings is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Status of Prior Year Audit Findings is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Status of Prior Year Audit Findings is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Independent Auditor's Report
December 31, 2012

In accordance with *Government Auditing Standards*, I have also issued my report dated July 3, 2013, on my consideration of Ward 4 Fire Protection District of Jackson Parish's internal control over financial reporting and on my tests of the District's 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* in considering the District's internal control over financial reporting and compliance.

/s Carleen Dumas
Calhoun, Louisiana
July 3, 2013

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

Our discussion and analysis of Ward 4 Fire Protection District of Jackson Parish's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the District's financial statements that begin on page 11.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 11 and 12 provide information about the activities of the District and present a long-term view of the District's financial position. The fund financial statements presented on pages 13 and 14 provide information on how the operations of the District are financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements.

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and the changes in net position. Net position - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position is an indicator of whether the District's financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the District reports only governmental activities due to the fact that the District is engaged in one governmental program - fire protection. Property taxes, parcel fees, and intergovernmental revenues finance most of this activity.

Fund Financial Statements

The fund financial statements begin on page 13 and provide more detailed information about the District's funds. The District has only one fund, the General Fund, which is reported as a governmental fund.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Jonesboro, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2012

All of the services provided by the District are accounted for in the General Fund. Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future.

The differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds reported in the fund financial statements are reported in a reconciliation at the bottom of the fund financial statements.

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

Government-Wide

The District's net position increased by \$123,303 during 2012. The increase in net position is due primarily to a \$57,912 increase in property tax revenue that was used to purchase capital assets totaling \$215,790. Expenses increased \$23,583 primarily due to increases in building repairs and maintenance, insurance, and intergovernmental. The following presents an analysis of net position and changes in net position of the District's governmental activities:

	GOVERNMENTAL ACTIVITIES	
	<u>2012</u>	<u>2011</u>
Assets		
Current assets	\$443,292	\$481,572
Capital assets	938,579	836,944
Total assets	<u>1,381,871</u>	<u>1,318,516</u>
Liabilities		
Current liabilities	102,494	85,335
Long-term liabilities	275,897	353,004
Total liabilities	<u>378,391</u>	<u>438,339</u>
Net Position		
Net investment in capital assets	580,289	402,772
Unrestricted	423,191	477,405
Total net position	<u>\$1,003,480</u>	<u>\$880,177</u>

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Jonesboro, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
Expenses - public safety	\$391,526	\$367,943
Program revenues:		
Charges for services	1,790	1,035
Capital grants	2,276	
Operating grants	<u>12,501</u>	<u>23,956</u>
Total program revenues	<u>16,567</u>	<u>24,991</u>
Net (expense) revenue	<u>(374,959)</u>	<u>(342,952)</u>
General revenues:		
Property taxes	429,298	371,386
Parcel fees	64,235	56,242
Interest earnings	620	1,277
Miscellaneous	2,109	111
Special items:		
Gain on sale of capital assets	2,000	6,964
Insurance recovery	<u> </u>	<u>43,000</u>
Total general revenues and special items	498,262	478,980
Change in net position	123,303	136,028
Net position - beginning	<u>880,177</u>	<u>744,149</u>
Net position - ending	<u>\$1,003,480</u>	<u>\$880,177</u>

Governmental Fund - General Fund

Total revenues and other financing sources decreased from \$655,152 in 2011 to \$514,829 in 2012. The total decrease is the net effect of a \$57,912 increase in property taxes and a \$150,895 decrease in capital leases and a \$43,000 decrease from insurance recovery. Total expenditures in 2012 increased \$46,731 from the 2011 total expenditures due to an increase in operating services, capital outlay, and intergovernmental expenditures.

OVERALL FINANCIAL POSITION

The District's net position increased \$123,303 as a result of this year's operations. Unrestricted net position (those assets available to finance the daily operations of the district) was \$423,191 at year end. The amount invested in capital assets, net of related debt was \$580,289 at year end.

DISTRICT'S FUNDS

At the end of the year, the District's General Fund reported an unassigned fund balance of \$423,191. The decrease in unassigned fund balance for 2012 was \$54,214.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

At year end, actual revenues and other financing sources exceeded budgeted revenues by \$104,129 and actual expenditures exceeded budgeted expenditures by \$16,139. The District amended its budget one time during the year.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$938,579. Capital assets include land, buildings, trucks, and equipment costing \$500 or more. The District completed the construction of a new fire station and purchased three pre-owned trucks and other equipment during 2012 at a total cost of \$215,790. Additional information about the District's capital assets is presented in Note 5 to the financial statements.

Debt

At year end the District had \$358,290 in long-term obligations. Additional information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District prepared its 2013 budget on the assumption that property tax revenues will increase approximately \$60,000 for 2013 and that all other revenues will be approximately the same as 2012. The district anticipates that total expenditures for 2013 will be approximately \$100,000 less than total expenditures for 2012 with the largest decrease being capital outlay expenditures.

BASIC FINANCIAL STATEMENTS

Statement A

**WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana**

**STATEMENT OF NET POSITION
December 31, 2012**

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$53,004
Receivables	390,063
Utility deposits	225
Capital assets, net	<u>938,579</u>
TOTAL ASSETS	<u>1,381,871</u>
LIABILITIES	
Accounts payable	19,432
Payroll taxes payable	669
Long-term liabilities:	
Due within one year	82,393
Due in more than one year	<u>275,897</u>
TOTAL LIABILITIES	<u>378,391</u>
NET POSITION	
Net investment in capital assets	580,289
Unrestricted	<u>423,191</u>
TOTAL NET POSITION	<u><u>\$1,003,480</u></u>

See accompanying notes.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Jonesboro, Louisiana

STATEMENT OF ACTIVITIES
 For the Year Ended December 31, 2012

	GOVERNMENTAL ACTIVITIES
Expenses - public safety - fire protection	<u>\$391,526</u>
Program revenues:	
Charges for services	1,790
Capital grants	2,276
Operating grants	<u>12,501</u>
Net (expense) revenue	<u>(374,959)</u>
General revenues and special item:	
Property taxes	429,298
Parcel fees	64,235
Interest earnings	620
Miscellaneous	2,109
Special item - gain on sale of capital assets	<u>2,000</u>
Total general revenues and special item	<u>498,262</u>
Change in net position	123,303
Net position - beginning	<u>880,177</u>
Net position - ending	<u><u>\$1,003,480</u></u>

See accompanying notes.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Jonesboro, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND
 December 31, 2012

	<u>GENERAL FUND</u>
ASSETS	
Cash	\$53,004
Receivables	390,063
Utility deposits	<u>225</u>
TOTAL ASSETS	<u><u>\$443,292</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$19,432
Payroll liabilities payable	<u>669</u>
Total liabilities	20,101
Fund balance - unassigned	<u>423,191</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$443,292</u></u>
Reconciliation of the Balance Sheet of Governmental Fund To the Statement of Net Position:	
Fund balance - unassigned - General Fund	\$423,191
Amount reported for net position of governmental activities in the Statement of Net Position (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	938,579
Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported in the fund	<u>(358,290)</u>
Net position of governmental activities (Statement A)	<u><u>\$1,003,480</u></u>

See accompanying notes.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2012

	GENERAL FUND
REVENUES	
Property taxes	\$429,298
Parcel fees	64,235
Intergovernmental revenue:	
State fire insurance rebate	7,393
State grant	5,108
Police jury grant	2,276
Rent	1,790
Interest earnings	620
Miscellaneous revenue	2,109
Total revenues	512,829
EXPENDITURES	
Public safety - fire protection:	
Current:	
Personal services	65,852
Operating services	129,938
Materials and supplies	39,020
Travel and other	2,584
Capital outlay	215,790
Debt service	100,046
Intergovernmental	15,813
Total expenditures	569,043
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(56,214)
OTHER FINANCING SOURCE - sale of capital assets	2,000
NET CHANGE IN FUND BALANCE	(54,214)
FUND BALANCE AT BEGINNING OF YEAR	477,405
FUND BALANCE AT END OF YEAR	\$423,191

(Continued)

See accompanying notes.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Jonesboro, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUND (Contd.)
 For the Year Ended December 31, 2012

GENERAL
 FUND

**Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance of Governmental Fund to
 the Statement of Activities:**

Net change in fund balance - General Fund	(\$54,214)
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	75,882
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 outlay exceeded depreciation expense in the current period.	<u>101,635</u>
Change in net position of governmental activities (Statement B)	<u><u>\$123,303</u></u>

(Concluded)

See accompanying notes.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2012

INTRODUCTION

The Ward 4 Fire Protection District of Jackson Parish was created by the Jackson Parish Police Jury, by ordinance in June 1982, under the provisions of Louisiana Revised Statute 40:1492-1501. The district is governed by a five member board who are resident property owners in the district. The members are appointed/approved by the Jackson Parish Police Jury. Board members serve two year terms without compensation. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district. The district had one full-time employee during 2012.

GASB Statement No. 14, *The Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the Ward 4 Fire Protection District of Jackson Parish is considered a component unit of the Jackson Parish Police Jury. As a component unit, the accompanying financial statements may be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Ward 4 Fire Protection District of Jackson Parish.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The Ward 4 Fire Protection District of Jackson Parish has only one governmental fund.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and parcel fees are recognized as revenues in the year in which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and parcel fees associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the district.

The Ward 4 Fire Protection District of Jackson Parish reports the following governmental fund:

General Fund

The General fund is the general operating fund of the district and accounts for all financial resources.

C. Deposits

Cash includes amounts in interest-bearing demand deposits. State law limits the district's credit risk by restricting the district's investments to collateralized certificates of

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables

Receivables reported in the government-wide statement of net position includes property tax receivables and an amount due for parcel fees. Receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The district is authorized to levy a maximum tax of 10 mills annually on property within the boundaries of the district for maintaining, improving, acquiring, and operating fire department buildings and equipment for fire protection or other first response services in the district beginning with the year 2008 and ending with the year 2017. The district levied 10.09 mills for the year ended December 31, 2012 on property in the district with a total assessed value of \$41,868,820. Exco Operating Company, which owns approximately 33% of the total assessed value of property in the parish, is the largest taxpayer in the district. The property taxes are collected by the Jackson Parish Sheriff and remitted to the district.

An annual parcel fee is assessed on each parcel of immovable property as defined in Louisiana Revised Statute 40:1505(D) situated within the Ward 4 Fire Protection District for acquiring, constructing, maintaining and operating fire protection and other first response facilities and equipment. The fee was approved by voters in the district for a period of ten years beginning in 2007. Notices are sent to property owners in February each year and are due by April 10 of each year. The fees are generally collected in February through April each year by the district. Delinquent property owners receive a certified letter requesting payment in June and the district begins legal action to collect delinquent payments 21 days after mailing the certified letters.

E. Capital Assets

Capital assets, which include buildings and land, trucks, and equipment, are reported in the governmental activities column in the government-wide financial statements. All of the district's 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 market value at the date of donation. The Ward 4 Fire Protection District of Jackson Parish maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Notes to the Financial Statements

All capital assets, except land are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Buildings	7-30 years
Trucks	7-15 years
Equipment	5-10 years

F. Long-term Obligations

In the government-wide financial statements, capital leases payable are reported as liabilities in the applicable governmental activities statement of net position.

G. Net Position/Fund Balance

For the government-wide statement of net position, net position is reported as restricted when constraints placed on asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which funds can be spent. Fund balance should be reported as restricted when constraints on the use of the funds meet the same criteria as restricted net position in the government-wide statement of net position as noted in the previous paragraph. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the board of commissioners are reported as committed fund balance.

Assigned fund balance are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The board of commissioners is authorized to assign amounts to a specific purpose. Unassigned fund balance is the residual classification and represents fund balance that has not been restricted, committed, or assigned to a specific purpose.

At December 31, 2012, the district had only unassigned fund balance in the General Fund.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Notes to the Financial Statements

H. 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 certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Information

The Ward 4 Fire Protection District of Jackson Parish uses the following budget practices:

A proposed General Fund budget for the ensuing year is approved by the board of commissioners each year on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Encumbrance accounting is not used by the district. All changes in the budget must be approved by the board of commissioners.

Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

B. Excess of Expenditures Over Appropriations

The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2012:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$410,700</u>	<u>\$552,904</u>	<u>\$569,043</u>	<u>\$16,139</u>

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Notes to the Financial Statements

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2012, the district had cash in interest-bearing demand deposits (book balances) of \$53,004. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2012, the Ward 4 Fire Protection District of Jackson Parish had \$58,026 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2012:

Property taxes	\$389,584
Parcel fees	479
Allowance for doubtful accounts	<u>NONE</u>
Total	<u>\$390,063</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2012, is as follows:

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>\$14,700</u>	<u>NONE</u>	<u>NONE</u>	<u>\$14,700</u>
Capital assets being depreciated:				
Buildings	257,674	\$86,600		344,274
Trucks	1,084,210	105,900	(\$30,000)	1,160,110
Equipment	<u>208,681</u>	<u>23,290</u>		<u>231,971</u>
Total capital assets being depreciated	<u>1,550,565</u>	<u>215,790</u>	<u>(30,000)</u>	<u>1,736,355</u>
Less accumulated depreciation for:				
Buildings	136,707	11,483		148,190
Trucks	408,090	95,734	(30,000)	473,824

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Notes to the Financial Statements

	Balance at January 1, 2012	Increases	Decreases	Balance at December 31, 2012
Equipment	<u>\$183,524</u>	<u>\$6,938</u>	<u> </u>	<u>\$190,462</u>
Total accumulated depreciation	<u>728,321</u>	<u>114,155</u>	<u>(30,000)</u>	<u>812,476</u>
Total assets being depreciated, net	<u>822,244</u>	<u>101,635</u>	<u>NONE</u>	<u>923,879</u>
Total capital assets	<u><u>\$836,944</u></u>	<u><u>\$101,635</u></u>	<u><u>NONE</u></u>	<u><u>\$938,579</u></u>

Depreciation expense of \$114,155 for the year ended December 31, 2012 was charged to the public safety - fire protection governmental function.

6. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2012:

	Capital <u>Lease/Purchase</u>
Balance at January 1, 2012	\$434,172
Additions	NONE
Reductions	<u>(75,882)</u>
Balance at December 31, 2012	<u><u>\$358,290</u></u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2012:

	Capital <u>Lease/Purchase</u>
Current portion	\$82,393
Long-term portion	<u>275,897</u>
Total	<u><u>\$358,290</u></u>

Long-term obligations at December 31, 2012, in the amount of \$358,290 consists of two lease/purchase agreements with Government Capital Corporation that were subsequently sold to local banks. The agreements were used to acquire vehicles and construct a fire station. The obligations have maturities from 2012 until 2017 and both have an interest rate of 4.9%. Interest expense for 2012 was \$24,164 and is included in public safety expenses. Principal and interest payable in the next fiscal year are \$82,393 and \$17,603, respectively.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Notes to the Financial Statements

All principal and interest requirements are funded in accordance with Louisiana law by the annual property tax levy within the district and are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2013	\$82,393	\$17,603	\$99,996
2014	86,441	13,555	99,996
2015	90,688	9,308	99,996
2016	95,014	4,982	99,996
2017	3,754	56	3,810
Total	\$358,290	\$45,504	\$403,794

7. GRANTS

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the district. In the opinion of management, any such adjustments would not be material to the district’s operating results or fund balances.

8. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

9. SUBSEQUENT EVENTS

Ward 4 Fire Protection District of Jackson Parish has evaluated subsequent events through July 3, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2012

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$335,000	\$335,000	\$429,298	\$94,298
Parcel fees	55,000	55,000	64,235	9,235
Intergovernmental revenue:				
State fire insurance rebate	8,000	8,000	7,393	(607)
State grant	5,700	5,700	5,108	(592)
Police jury grant			2,276	2,276
Rent	1,000	1,000	1,790	790
Interest earnings	1,000	1,000	620	(380)
Miscellaneous revenue	5,000	5,000	2,109	(2,891)
Total revenues	<u>410,700</u>	<u>410,700</u>	<u>512,829</u>	<u>102,129</u>
EXPENDITURES				
Current:				
Personal services	65,905	68,405	65,852	2,553
Operating services	149,700	162,700	129,938	32,762
Materials and supplies	32,000	32,000	39,020	(7,020)
Travel and other	4,500	4,500	2,584	1,916
Capital outlay	58,296	220,000	215,790	4,210
Debt service	100,299	65,299	100,046	(34,747)
Intergovernmental			15,813	(15,813)
Total expenditures	<u>410,700</u>	<u>552,904</u>	<u>569,043</u>	<u>(16,139)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	NONE	(142,204)	(56,214)	85,990
OTHER FINANCING SOURCES - sale of capital assets			2,000	2,000
NET CHANGE IN FUND BALANCE	NONE	(142,204)	(54,214)	87,990
FUND BALANCE AT BEGINNING OF YEAR	<u>477,405</u>	<u>477,405</u>	<u>477,405</u>	
FUND BALANCE AT END OF YEAR	<u><u>\$477,405</u></u>	<u><u>\$335,201</u></u>	<u><u>\$423,191</u></u>	<u><u>\$87,990</u></u>

There was one budget amendment during the year ended December 31, 2012.

OTHER SUPPLEMENTAL INFORMATION SCHEDULE

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

STATUS OF PRIOR AUDIT YEAR FINDINGS
For the Year Ended December 31, 2012

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
2011-1	2011	Inadequate Controls Over Preparation of Annual Financial Statements	No	See current year findings.
2011-2	2011	Need Improvement in Controls Over Expenditures/Disbursements	Partial	See current year findings.
2011-3	2011	Noncompliance with Local Government Budget Act	Yes	N/A

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Auditor's 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 COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

I have audited in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of the governmental activities and major fund of Ward 4 Fire Protection District of Jackson Parish, a component unit of the Jackson Parish Police Jury, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Ward 4 Fire Protection District of Jackson Parish's basic financial statements and have issued my report thereon dated July 3, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Ward 4 Fire Protection District of Jackson Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate 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. Accordingly, I do not express an opinion of the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the Schedule of Current Year Findings and Management's Corrective Action Plan, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 2012

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. I consider the deficiency described in the accompanying Schedule of Current Year Findings and Management's Corrective Action Plan as 2012-1 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying Schedule of Current Year Findings and Management's Corrective Action Plan as 2012-2 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ward 4 Fire Protection District of Jackson Parish's financial statements are free of material misstatement, I performed tests of the District's 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*.

District's Responses to Findings

Ward 4 Fire Protection District of Jackson Parish's responses to the findings identified in my audit are described in the accompanying Schedule of Current Year Findings and Management's Corrective Action Plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion of the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

/s Carleen Dumas
Calhoun, Louisiana
July 3, 2013

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

Schedule of Current Year Findings and
Management's Corrective Action Plan
For the Year Ended December 31, 2012

Section I - Summary of Auditor's Reports

Financial Statements

1. Type of auditor's report issued - Unmodified.
2. Internal control over financial reporting:

Material weakness(es) identified? - Yes
Significant deficiency(ies) identified? - Yes
3. Noncompliance material to financial statements noted? - No

Section II - Financial Statement Findings

2012-1. Inadequate Controls Over Preparation of Annual Financial Statements

Criteria: The district is required to prepare annual financial statements in accordance with generally accepted accounting principles and should have internal controls in place to prevent, detect or correct a misstatement of those financial statements.

Condition: Due to its small size, the district does not have an individual with the expertise to perform these internal control functions effectively.

Effect: Misstatements in the financial statements may not be detected within a timely period.

Recommendation: None

Management's Planned

Corrective Action: It is not economically feasible to correct this deficiency based on the size of the district and its limited revenues.

2012-2. Need Improvement In Controls Over Expenditures/Disbursements

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss resulting from unauthorized use and that transactions are executed in accordance with management’s authorizations and in accordance with applicable laws and regulations.

Condition: 5 out of 45 (11%) disbursements examined were supported by a vendor’s statement that did not include individual receipts or invoices for all charges appearing on the statement.

Effect: The failure to adhere to internal controls over cash disbursements could result in a loss of assets from unauthorized use or disposition or from transactions that are not in accordance with management’s authorizations or in accordance with applicable laws and regulations.

Recommendation: I recommend that all disbursements be supported by original itemized invoices that document the items purchased and by whom it was purchased. All charges appearing on vendors’ monthly statements should be supported by original itemized invoices or receipts that are attached to the statement before payment is made.

Management’s Planned

Corrective Action: The district has already contacted some of the vendors and will contact the other vendors who provided only monthly statements and request that detailed invoices accompany the statements. All future disbursements will be supported by original itemized invoices.