

FIRE PROTECTION DISTRICT NO. 5 OF THE
PARISH OF POINTE COUPEE
NEW ROADS, LOUISIANA

Annual Financial Statements
Year Ended December 31, 2013

A Component Unit of the
Pointe Coupee Parish Police Jury

FIRE PROTECTION DISTRICT NO. 5 OF THE
PARISH OF POINTE COUPEE
Fire/EMS/Rescue Services
2384 Morganza Hwy
New Roads, Louisiana 70760
(225) 638-7525

GOVERNING BOARD
(Effective January 1, 2013)

Lawrence Smith, Chairman
Gregory A. Johnson
Chris Houston
Joseph R. Gremillion
Patricia Jackson

MEETING DATE

Third Monday of Every Month

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OF POINTE COUPEE, LOUISIANA
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December 31, 2013

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fire Protection District No. 5 of the
Parish of Pointe Coupee
New Roads, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire Protection District No. 5 of the Parish of Pointe Coupee, Louisiana, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2013, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and with provisions of Louisiana Revised Statute 24:513 and the provisions of the *Louisiana Governmental Audit Guide*. Those standards and the Guide require that we 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2013,

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 and budgetary comparison information on pages 4 through 11 and 34 and 35 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2014, on our consideration of the District's internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC

Baton Rouge, LA
June 27, 2014

Required Supplementary Information

Management's Discussion and Analysis (MD&A) is a required component of financial statements prepared in accordance with generally accepted accounting principles (GAAP). The MD&A is an analysis of the financial condition and operating results of the District written by management. It introduces the basic financial statements and notes. The MD&A should provide an objective and easily readable analysis of the District's financial activities based on currently known facts, decisions, or conditions.

**FIRE PROTECTION FIRE DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**
New Roads, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fire Protection Fire District No. 5 of the Parish of Pointe Coupee, Louisiana (the Fire District), we are pleased to provide an overview of our financial activities for the year ended December 31, 2013. Please read it in conjunction with the Fire District's financial statements, which begin on page 12. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only a part of a greater whole, as should all other sections in this financial report. The readers of this statement should take the time to read in conjunction with the financial statements, including the footnotes and the other Required Supplemental Information (RSI) provided as required components of this annual financial report.

FINANCIAL HIGHLIGHTS

In 2013, the Fire District experienced an improved year financially as governmental revenues increased and expenditures increased relative to prior years.

The major financial highlights for 2013 are as follows:

- Assets of the Fire District's primary government exceeded its liabilities at the close of the year by approximately \$7 million (net position). Of this amount, approximately \$1.4 million (unrestricted net position) may be used without restrictions to meet the Fire District's ongoing obligations to citizens and creditors.
- The primary government's total net position decreased by approximately \$108,000 during 2013.
- As of the end of the year, the primary government's governmental funds reported fund balances of approximately \$1.9 million. Approximately 26% of the fund balances, or \$500,000, is restricted for fire capital projects.

Significant aspects of the Fire District's financial well-being as of and for the year ended December 31, 2013 are detailed throughout this analysis.

USING THIS ANNUAL REPORT

The Fire District's financial statements focus on the government as a whole and on major individual funds. Both perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the Fire District's accountability.

This annual report consists of a series of financial statements. The government-wide Statement of Net Position and the Statement of Activities (on pages 12 and 13, respectively) provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances.

Fund financial statements start on page 14. For governmental activities, these statements illustrate how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Fire District's operations in more detail than the government-wide statements by providing information about the Fire District's most significant fund.

Reporting on the Fire District as a Whole

Our analysis of the Fire District as a whole begins on page 12. The Statement of Net Position and the Statement of Activities report information about the Fire District as a whole and about its activities in a way to determine if the Fire District is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Fire District's net position and related changes. You can think of the Fire District's net position - the difference between assets and liabilities - as one way to measure the Fire District's financial health or financial position. Over time, increases or decreases in the Fire District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Fire District's property and sales tax base to assess the overall health of the Fire District.

Governmental activities - All of the Fire District's services are reported here, which include the public safety services and related administration of the Fire District. Property and sales taxes finance most of these activities.

At December 31, 2013, the Fire District's net position was \$7 million for governmental activities, of which \$1.4 million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Fire District's ability to use that net position for day-to-day operations.

The analysis below of the primary government focuses on the net position and change in net position of the Fire District's governmental activities and is as follows:

Fire Protection District No. 5
of the Parish of Pointe Coupee, Louisiana
Statements of Net Position
December 31, 2013 and 2012
(in thousands)

	2013	2012
Current and other assets	\$ 1,999	\$ 1,850
Capital assets	5,442	5,920
Total assets	7,441	7,770
Current and other liabilities	68	294
Noncurrent liabilities	324	319
Total liabilities	392	613
Net assets:		
Invested in capital assets, net of related debt	5,118	5,350
Restricted for capital projects	500	500
Unrestricted	1,431	1,307
Total net position	\$ 7,049	\$ 7,157

Net position of the Fire District's governmental activities decreased by 1.5%, or \$108,000 during 2013. The change in net position compared to the prior year was due to the decrease in capital assets net of related debt of \$232,000. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

The \$1.4 million in unrestricted net position of governmental activities represents the accumulated results of operations, or the residual that would remain after the Fire District paid off all its debt. The changes in net position are discussed later in this analysis.

The results of this year's operations for the primary government as a whole as reported in the Statement of Activities are as follows:

Fire Protection District No. 5
of the Parish of Pointe Coupee, Louisiana
Statement of Activities
For the years ended December 31, 2013 and 2012
(in thousands)

	2013	2012
Revenues:		
Taxes	\$ 1,157	\$ 1,132
Operating grants and contributions	-	26
Investment earnings	-	2
Other general revenues	46	35
Total revenues	1,203	1,195
Functions/Program Expenses:		
Public safety	1,311	1,267
Decrease in net position	(108)	(72)
Beginning net position	7,157	7,229
Ending net position	\$ 7,049	\$ 7,157

The decrease in the net position between 2013 and 2012 largely relates to an increase in total expenses.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. These statements focus on the major funds rather than generic fund types.

Reporting on the Fire District as a Whole

Our analysis of the Fire District's General Fund begins on page 14 with the fund financial statements that provide detailed information about the General Fund. The General Fund is required to be established by state law. However, the Fire District's Board may establish other funds to control and manage money for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other money. The Board has not established any other funds other than the General Fund.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. All of the Fire District's services are reported in governmental funds. These governmental funds are reported using the modified accrual basis of accounting, which 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 Fire District's general government operations and the 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 Fire District's programs. The relationship (or differences) between governmental activities, reported in the Statement of Net position and the Statement of Activities, and governmental funds are described in a reconciliation to the financial statements. The Fire District has one governmental fund, which is the General Fund.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on page 18.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Fire District's major fund, the General Fund, which can be found on page 34.

Financial Analysis of the Government's Funds

The general government operations of the Fire District are accounted for in the General Fund. The focus of this fund, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Fire District's financing requirements. The following is a summary of the Fire District's operations for 2013 and 2012 for the General Fund:

	(in thousands)	
	2013	2012
	General Fund	General Fund
Revenues	\$ 1,203	\$ 1,195
Expenditures	1,063	958
Net change in fund balance	140	237
Beginning of year	1,807	1,570
Ending of year	\$ 1,947	\$ 1,807

The Fire District's General Fund experienced an increase in fund balance of \$140,000 during 2013. At year end, the fund balance of the General Fund was approximately \$1.9 million compared to \$1.8 million at December 31, 2012. Approximately \$500,000 has been restricted for funding capital projects. Of the \$1.9 million in General Fund fund balance, \$1.4 million is unassigned and available for utilization at the Fire District's discretion to fund activities within the Fire District's mission.

Sources of governmental revenues are summarized below:

Source of Revenue	(in thousands)			
	2013		2012	
	Revenue	%	Revenue	%
Taxes	\$ 1,157	96	\$ 1,132	95
Grants	-	-	26	2
Interest income	-	-	2	-
Miscellaneous	46	4	35	3
Total	<u>\$ 1,203</u>	<u>100</u>	<u>\$ 1,195</u>	<u>100</u>

Revenues of the General Fund for 2013 totaled \$1,203,000, compared with \$1,195,000 for 2012. The most significant increase was in tax revenue of \$25,000, which related to increases in ad valorem and sales taxes.

Expenditures of the primary government were \$1,063,000 and \$958,000 for the years ended 2013 and 2012, respectively. Expenditures increased by \$104,000 for the year ended 2013. The largest increases in spending were related to an increase in communications and repairs and maintenance of \$40,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Fire District's General Fund budget was amended on one occasion. The amendment of the operating and capital budgets is a customary practice of the Fire District and is reflective of the financial changes that occur throughout the fiscal year. The most significant reasons for these budget amendments during 2013 were:

- To reflect an increase in sales and use tax by \$37,500 anticipated to be received during the year,
- An increase in administrative expenditures of \$11,700, expected to be expended,
- An increase in insurance expenditures of \$12,000, expected to be expended during 2013,
- An increase in maintenance expenditures of \$16,550, expected to be expended during 2013, and
- A decrease in supplies expenditures by \$20,000 not expected to be expended during 2013.

With these adjustments, the actual changes to appropriations (expenditures) were \$114,000 less than the related final budget appropriations of \$1.2 million, primarily due to less than expected expenditures for contract services, maintenance and insurance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the Fire District had \$5.4 million invested in a broad range of capital assets, including land, buildings, machinery and equipment. This amount represents a net decrease of approximately \$478,000, or 8%, over last year and is related primarily to a current year depreciation expense recognized. The Fire District's capital assets, net of depreciation, at December 31, 2013 were as follows:

	Governmental Activities
Land	\$ 139,530
Buildings	2,589,916
Vehicles	1,464,703
Machinery & equipment	1,248,237
Net investment in capital assets	\$ 5,442,386

The Fire District's final 2013 capital outlay budget provided for expenditures of \$50,000 for machinery and equipment purchases; however, \$69,000 was expended. More detailed information about the Fire District's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end the Fire District had \$324,000 in long-term debt outstanding as shown below:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
Governmental activities:				
Commercial Ladder	\$ 280,911	\$ -	\$ 139,395	\$ 141,516
Commercial Pumper	262,648	-	79,969	182,679
Total	\$ 543,559	\$ -	\$ 219,364	\$ 324,195

More detailed information about the Fire District's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Fire District is dependent upon ad valorem and sales tax collections, which account for 96% of its revenues. The Fire District expects its revenues from these sources to increase by 3% in 2014. The budget expenditures for 2014 are expected to increase by \$11,000, or 1%, due to increases in training, supplies and insurance expenses. The Fire District also has \$46,500 budgeted for capital outlay expenditures in 2014.

Contacting the Fire District's Financial Management

This financial report is designed to provide a general overview of the Fire District's finances for all those with an interest in the Fire District's finances. If you have questions about this report or need additional financial information, contact the Fire Protection Fire District No. 5 of the Parish of Pointe Coupee, Louisiana, at P.O. Box 1053, New Roads, Louisiana 70760.

**FIRE PROTECTION DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**

STATEMENT OF NET POSITION

December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 598,233
Investments	351,328
Receivables, net	1,013,054
Prepaid expenses	36,230
Capital assets:	
Non-depreciable	139,530
Depreciable, net	<u>5,302,856</u>
Total assets	<u>\$ 7,441,231</u>
LIABILITIES	
Accounts payable	\$ 9,668
Accrued expenses	16,573
Due to sheriff's retirement	41,150
Noncurrent liabilities:	
Due within one year	230,632
Due in more than one year	<u>93,563</u>
Total liabilities	<u>391,586</u>
NET POSITION	
Net investment in capital assets	5,118,191
Restricted for capital projects	500,000
Unrestricted	<u>1,431,454</u>
Total net position	<u>7,049,645</u>
Total liabilities and net position	<u>\$ 7,441,231</u>

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

**FIRE PROTECTION DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**

STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Public safety	\$ 1,294,347	\$ -	\$ -	\$ (1,294,347)
Interest on long-term debt	16,675	-	-	(16,675)
Total governmental activities	1,311,022	-	-	(1,311,022)
General revenues:				
Taxes:				
Ad valorem				982,480
Sales and use				162,535
State revenue sharing				11,530
State fire insurance rebate				33,624
Proceeds from insurance				8,694
Investment earnings				381
Other				3,900
Total general revenues				1,203,144
Change in net position				(107,878)
Net position - beginning of year				7,157,523
Net position - end of year				\$ 7,049,645

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

**FIRE PROTECTION DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2013

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 598,233
Investments	351,328
Accounts receivable, net	1,013,054
Prepaid insurance	<u>36,230</u>
Total assets	<u>\$ 1,998,845</u>
LIABILITIES	
Accounts payable	\$ 9,668
Accrued expenses	1,051
Due to sheriff's retirement	<u>41,150</u>
Total liabilities	<u>51,869</u>
FUND BALANCE	
Nonspendable	36,230
Restricted for capital projects	500,000
Unassigned	<u>1,410,746</u>
Total fund balance	<u>1,946,976</u>
Total liabilities and fund balance	<u>\$ 1,998,845</u>

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

**FIRE PROTECTION DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

December 31, 2013

Total fund balances - governmental funds (Exhibit A-2)		\$ 1,946,976
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		5,442,386
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases	(324,195)	
Accrued interest	(15,522)	(339,717)
Net position of governmental activities (Exhibit A)		<u>\$ 7,049,645</u>

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

**FIRE PROTECTION DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the year ended December 31, 2013

	<u>General Fund</u>
REVENUES	
Taxes:	
Ad valorem	\$ 982,480
Sales and use	162,535
State revenue sharing	11,530
Insurance premium	33,624
Interest income	381
Other	3,900
Total revenues	<u>1,194,450</u>
EXPENDITURES	
Current function:	
Public safety:	
Contract protection services	133,311
Administrative	133,261
Maintenance	114,105
Insurance	89,343
Communications	67,700
Protective services	54,439
Training	43,182
Travel	29,829
Supplies	29,649
Professional fees	25,597
Other	27,257
Debt service	246,404
Capital outlay	69,079
Total expenditures	<u>1,063,156</u>
Excess of revenues over expenditures	131,294
OTHER FINANCING SOURCES	
Proceeds from insurance	8,694
Net change in fund balance	139,988
FUND BALANCE	
Beginning of year	<u>1,806,988</u>
End of year	<u>\$ 1,946,976</u>

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

**FIRE PROTECTION DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2013

Net change in fund balance - total governmental fund (Exhibit A-4) \$ 139,988

The change in net position reported for governmental activities in the statement of activities is different because:

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

Capital outlay	69,079	
Depreciation expense	<u>(546,674)</u>	(477,595)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.

Principal payments on debt	220,268
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable, change during 2013	<u>9,461</u>
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Change in net position of governmental activities (Exhibit A-1) \$ (107,878)

**FIRE PROTECTION DISTRICT NO. 5 OF THE PARISH
OF POINTE COUPEE, LOUISIANA**
New Roads, Louisiana

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Fire Protection District No. 5 of the Parish of Pointe Coupee, Louisiana (the Fire District) was created by a resolution of the Pointe Coupee Police Jury in 1981. The Fire District operates under the commission of government and provides fire protection services to all of the territories within the limits of Pointe Coupee Election Districts 7, 8, 9, and portions of Election Districts 4 and 6, as said Election Districts were constituted in 1981, the District was created in accordance with the authority of LRS 40:1494, and Article VI, Section 19 of the Constitution of the State of Louisiana for the year 1974 and other constitutional and statutory authority supplemental thereto.

Statement Presentation

The financial statements of the Fire District have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant accounting policies established in GAAP and used by the Fire District are described below.

The financial statements comply with GASB approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Fire District’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Fire District’s activities.
- A change in the fund financial statements to focus on the major funds.

The Fire District’s basic financial statements consist of the government-wide statements of the primary government (the Fire District) and the fund financial statements (individual major funds and combined non-major funds). The Fire District’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement Presentation (Continued)

In 2013, the Fire District adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

GASB Statement No. 65 introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. It also amends the financial statement element classification of certain items previously reported as assets and liabilities. There was no effect to the Fire District's net position during the current year.

Reporting Entity

As stated previously, the Fire District was created by a resolution of the Pointe Coupee Parish Police Jury (Police Jury) in 1981, a political subdivision. The Fire District does not possess all of the corporate powers necessary to make it a legally separate entity from the Pointe Coupee Parish Police Jury, which holds the Fire District's corporate powers. For this reason, the Fire District is a component unit of the Pointe Coupee Parish Police Jury, the financial reporting entity. In accordance with LRS 40:1494 the Fire District is managed by a board of five commissioners. Two commissioners are appointed by the Pointe Coupee Parish Police Jury and two are appointed by the City of New Roads. These four commissioners then appoint the fifth to act as chairperson.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining which component units should be considered part of the Fire District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

As required by generally accepted accounting principles, these financial statements present the Fire District; there are no component units to be included either blended within the Fire District's funds or discretely presented in these financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all non-fiduciary activities of the Fire District. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. The Fire District consists of one governmental fund, the General Fund.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Fire District are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Fire District are accounted for through governmental funds. Measurement is focused upon determining changes in financial position rather than net income. The following are the governmental fund types of the Fire District:

General Fund - The general fund is the general operating fund of the Fire District. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is always a major fund.

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

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 the related cash flows. Ad Valorem taxes are recognized in the year for which they are assessed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Fund Financial Statements

All 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 in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, are recorded as earned since they are measurable and available.

Non-exchange transactions, in which the Fire District receives value without directly giving value in return, include sales tax, ad valorem tax, and federal and state aid and grants.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December of the current year and January and February of the year subsequent to its assessment. Furthermore, the Fire District budgets the use of ad valorem taxes on a fiscal year basis. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Fire District is entitled to the funds, generally corresponding to when grant-related costs are incurred by the Fire District, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments and compensated absences, which are recorded as expenditures in the governmental fund when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

Cash and Cash Equivalents

Cash includes amounts in demand deposit accounts, interest-bearing demand deposit accounts, and money market accounts. Cash equivalents include amounts in savings and time deposits and certificates of deposit with original maturities of ninety days or less. Certificates of deposit with maturities of ninety days or more are classified as investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

The investment policy of the Fire District is governed by state statutes that include depository and custodial contract provisions. The Fire District invests funds in accordance with La. R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully-collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Fire District has a custodial agreement. The Fire District utilizes the Louisiana Asset Management Pool to invest idle funds.

Accounts Receivable

Receivables consist of all revenues earned at year-end and not yet received. In governmental fund types, the uncollectible amount is charged directly to the revenue or deferred revenue reported.

Inventory

Inventories of supplies are immaterial and are recorded as expenditures when purchased rather than when consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Government-wide Statements

The accounting treatment of property, plant, equipment, and infrastructure assets (e.g. fire hydrants) (capital assets), are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized at completion of the construction projects. The Fire District's capitalization policy stipulates a capitalization threshold of \$500.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements (Continued)

Depreciation of all exhaustible capital assets, other than land, is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements	15 - 40 years
Fire hydrants and water supply lines	25 years
Furniture and fixtures	5 - 12 years
Machinery and equipment	5 - 10 years
Vehicles	5 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position —consist of net position that is restricted by the Fire District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the Fire District Charter, the Fire District Code, state or federal laws, or externally imposed conditions by grantors or creditors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

- Committed—Amounts that can be used only for specific purposes determined by a formal action by Commission ordinance. This includes the budget reserves.
- Assigned—Amounts that are designated by the Chairperson for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by the Commission.
- Unassigned—All amounts not included in other spendable classifications.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Fire District's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

Budget Policy and Budgetary Accounting

Policy and Practice

The Chairman submits an annual budget for the General Fund to the Commissioners in accordance with Louisiana Local Government Budget Act. The budget is presented to the Commissioners for review, and public hearings are held to address the proposed appropriations. Once approved and adopted by the commissioners, the commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

The General Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by function. Budget revisions at this level are subject to final review by the Commissioners. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. Revisions to the budget were made throughout the year.

The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annual budgeted funds lapse at fiscal year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation and prepaid insurance.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits

At December 31, 2013, the carrying amount of the Fire District's deposits totaled \$598,233 and the related bank balances were \$610,277.

Certificates of Deposit

At December 31, 2013, the fair value/carrying value of investments in the certificates of deposit totaled \$200,326 with all securities maturing within one year.

Investments

The Fire District may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Louisiana Asset Management Pool (LAMP)

As of December 31, 2013, the Fire District had a balance of \$151,002 invested in LAMP.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955. The value of the portfolio is carried at amortized cost.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Louisiana Asset Management Pool (Continued)

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets are restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is \$1,752,318,640 (from LAMP's monthly Statement of Net Position) as of December 31, 2013.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP's report can be obtained from their website www.lamppool.com.

(Continued)

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Cash and Investments Summary

The following is a reconciliation of the carrying amount of deposits and investments to "Deposits" and "Investments" for the Primary Government on the combined balance sheet.

Cash and cash equivalents:	
Cash on hand	\$ 65
Demand deposits - Regions	321,074
Demand deposits -Raymond James	<u>277,094</u>
Total cash and cash equivalents	<u>598,233</u>
Investments:	
Louisiana Asset Management Pool	151,002
Certificates of deposit - Regions	<u>200,326</u>
Total investments	<u>351,328</u>
Total	<u>\$ 949,561</u>

Collateralization

Custodial credit risk is the risk that in the event of a financial institution failure, the Fire District's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of December 31, 2013, the Fire District had unsecured deposits of \$283,489 at risk.

The above stated bank balances are collateralized as follows:

	Bank Balances
Federal deposit insurance (FDIC)	\$ 527,094
Investments not subject to categorization:	
Louisiana Asset Management Pool (LAMP)	<u>151,002</u>
Total collateralized	<u>\$ 678,096</u>
Total uncollateralized	<u>\$ 283,489</u>

NOTE 3 - FAIR MARKET VALUE MEASURES

Investment Valuation and Income Recognition

Financial Accounting Standards Board's ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Fire District has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

The Fire District does not have any investments measured using Level 2 or 3 inputs at December 31, 2013.

The Fire District's investments are stated at fair value. Investment income includes dividends and interest earned on investments, the realized net gain and/or loss from trade of investments, and net unrealized gain and/or loss resulting from market value fluctuations of investments held at year-end relative to cost. All investment income is unrestricted.

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Fire District's investment policy does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

	Cost	Market Value at December 31, 2013	
		Level 1	Total
Certificates of deposit - Regions	\$ 200,326	\$ 200,326	\$ 200,326
Investments not subject to categorization:			
Louisiana Asset Management Pool		151,002	151,002
Total investments		\$ 351,328	\$ 351,328

NOTE 4 - AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (L.R.S. 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All property taxes are recorded in governmental funds as explained in Note 1 above. Revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are considered available because they are substantially collected during the fiscal year and are therefore available to liquidate liabilities of the current period.

The property tax calendar is as follows:

Millage rates adopted	September 13, 2013
Levy date	September 13, 2013
Due date	December 31, 2013
Lien date	January 1, 2014
Collection dates	December 1, 2013 to February 28, 2014

Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of one and one-fourth percent per month until the taxes are paid (La.R.S. 47:2101). After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed (La.R.S. 47:2181). Therefore, there are no delinquent taxes at year end.

For the year ended December 31, 2013, taxes of 5.0 mills were levied for general government and public purposes on property with assessed valuations totaling \$197,507,995. Total taxes levied were \$987,540. Property tax millage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year, and become delinquent thereafter.

(Continued)

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2013, is as follows:

Governmental activities:	Beginning Balance	Increases	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 139,530	\$ -	\$ -	\$ 139,530
Capital assets being depreciated:				
Buildings and improvements	3,143,666	8,870	-	3,152,536
Machinery and equipment	3,386,792	60,209	-	3,447,001
Vehicles	3,947,542	-	-	3,947,542
Total	10,478,000	69,079	-	10,547,079
Less accumulated depreciation for:				
Buildings and improvements	(482,992)	(79,628)	-	(562,620)
Machinery and equipment	(1,768,514)	(213,784)	-	(1,982,298)
Vehicles	(2,446,043)	(253,262)	-	(2,699,305)
Total	(4,697,549)	(546,674)	-	(5,244,223)
Total capital assets, being depreciated, net	5,780,451	(477,595)	-	5,302,856
Governmental activities capital assets, net	<u>\$ 5,919,981</u>	<u>\$ (477,595)</u>	<u>\$ -</u>	<u>\$ 5,442,386</u>

Depreciation expense of \$546,674 was charged to Public Safety-Fire governmental activity.

NOTE 6 - LONG-TERM DEBT – CAPITAL LEASES

On January 20, 2009, the Fire District entered into a governmental lease purchase agreement to acquire a commercial ladder fire apparatus. Total cost of the commercial ladder fire apparatus was \$656,776 with an interest rate of 4.15%. The lease is to be paid in five annual payments of \$147,922 with the final payment due January 1, 2014.

On September 21, 2010, the Fire District entered into a governmental lease purchase agreement to acquire a commercial pumper fire apparatus. Total cost of the commercial ladder fire apparatus was \$438,850 with an interest rate of 4.73%. The lease is to be paid in five annual payments of \$98,231 with the final payment due January 15, 2015.

NOTE 6 - LONG-TERM DEBT – CAPITAL LEASES (CONTINUED)

Debt Outstanding

The following is a summary of debt transactions of the Fire District for the year ended December 31, 2013:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Commercial Ladder	\$ 280,911	\$ -	\$ 139,395	\$ 141,516	\$ 141,516
Commercial Pumper	262,648	-	79,969	182,679	89,116
Total	<u>\$ 543,559</u>	<u>\$ -</u>	<u>\$ 219,364</u>	<u>\$ 324,195</u>	<u>\$ 230,632</u>

Debt Service Requirements to Maturity

The annual requirements to amortize debt outstanding at December 31, 2013, are as follows:

Year	Principal	Interest	Total
2014	\$ 230,632	\$ 15,522	\$ 246,154
2015	93,563	4,669	98,232
Total	<u>\$ 324,195</u>	<u>\$ 20,191</u>	<u>\$ 344,386</u>

NOTE 7 - COST SHARING PENSION PLAN

Plan Description, Contribution Information, and Funding Policies

In accordance with LA R.S. 33:2036 G. (2), the Fire District provides a Length of Service Awards Program (LOSAP) to all eligible volunteer firemen based upon the Fire District's point system used to determine who is active. The program provides two benefits:

1. Pre-Entitlement Death, if a member dies before reaching entitlement age, the named beneficiary will receive the greater of \$20,000, (the face of the live insurance provided by the plan), or the present value of the member's earned benefit. This lump-sum benefit is payable upon death from any cause. It is not limited to an emergency duty. This applies to all members ages 65 and younger (without evidence of insurability) as well as those members over age 65 who qualify for life insurance. Non-insured members will receive the value of their earned benefit payable in the manner established by the plan sponsor.

NOTE 7 - COST SHARING PENSION PLAN (CONTINUED)

Plan Description, Contribution Information, and Funding Policies (Continued)

2. Pre-Entitlement Benefit, at entitlement age, members are entitled to a monthly income from the plan payable for life, with 120 payments guaranteed. The benefit formula in this plan is:
 - a. \$20 per month for each year of past service (service before the plan begins) to a maximum of 15 years.
 - b. \$20 per month for each year of future service (service after the plan begins).
 - c. \$800 maximum monthly benefit (40 total years of service).

The monthly entitlement benefits begin at age 60 and after, for members participating in the plan for at least 1 year. The term "entitlement" is used rather than "retirement" because volunteers do not have to leave the organization or become less active to draw benefits. Each year of active service adds to member's monthly benefit. This benefit becomes 100% vested (guaranteed) after 5 years of service.

For 2013, the Fire District made the following contributions for active firemen:

Annual year of service	\$	47,236
Life insurance		6,347
Administrative fee (\$600) plus \$6 per plan participant		1,088
Total	\$	<u>54,671</u>

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Risk Management

The Fire District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The Fire District has purchased various insurance policies to cover such risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Fire District. Settled claims have not exceeded this insurance coverage in any of the past three years.

Contingencies

There is litigation pending against the Fire District. A lawsuit was filed against the New Roads Fire Department alleging a complete home loss was a result of negligent act/omissions of members of the Fire District. The court dismissed the plaintiff's actions but the plaintiff has filed an appeal. No claims were paid out or litigation costs incurred during the year ended December 31, 2013.

NOTE 9 - COMPENSATION TO THE GOVERNING BODY

The Fire District board members were compensated as follows:

Joseph R. Gremillion	\$	360
Patricia Jackson		240
Gregory A. Jackson		420
Chris D. Houston		450
Lawrence Smith		<u>480</u>
Total	\$	<u>1,950</u>

NOTE 10 - ON-BEHALF PAYMENTS

The Fire District is one of several governmental agencies receiving proceeds from a property tax assessment. State law (R.S. 11:82) requires the Fire District to bear a pro-rata share of the pension expense relating to state and statewide public retirement systems. The Fire District's pro-rata share of the required contribution was \$41,150 for 2013, which was withheld by the Pointe Coupee Parish Sheriff from property tax collections to satisfy the Fire District's obligation. The Sheriff withholds the entire amount of this obligation in January each year even though some of the property taxes may never be collected.

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements, the Fire District has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**FIRE PROTECTION DISTRICT NO. 5
OF THE PARISH OF POINTE COUPEE, LOUISIANA**

GENERAL FUND

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

For the year ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes:				
Ad valorem	\$ 950,000	\$ 987,500	\$ 982,480	\$ (5,020)
Sales and use	140,000	140,000	162,535	22,535
Insurance premium	29,000	33,600	33,624	24
State revenue sharing	12,000	12,000	11,530	(470)
Interest income	2,300	2,300	381	(1,919)
Other	2,000	2,000	3,900	1,900
Total revenues	<u>1,135,300</u>	<u>1,177,400</u>	<u>1,194,450</u>	<u>17,050</u>
EXPENDITURES				
Current function:				
Public safety:				
Contract protection services	173,900	180,900	133,311	47,589
Administrative	138,681	159,381	133,261	26,120
Maintenance	130,850	147,400	114,105	33,295
Insurance	92,200	88,200	89,343	(1,143)
Communications	68,263	68,263	67,700	563
Protective services	62,860	65,500	54,439	11,061
Training	50,600	50,600	43,182	7,418
Travel	37,000	32,000	29,829	2,171
Supplies	52,010	32,010	29,649	2,361
Professional fees	23,000	29,000	25,597	3,403
Utilities	21,500	21,500	22,023	(523)
Other	6,800	6,800	5,234	1,566
Debt service	246,154	246,154	246,404	(250)
Capital outlay	49,660	49,660	69,079	(19,419)
Total expenditures	<u>1,153,478</u>	<u>1,177,368</u>	<u>1,063,156</u>	<u>114,212</u>
Excess (deficiency) of revenues over expenditures	<u>(18,178)</u>	<u>32</u>	<u>131,294</u>	<u>131,262</u>
OTHER FINANCING SOURCES				
Proceeds from insurance	-	-	8,694	8,694
Net change in fund balance	<u>\$ (18,178)</u>	<u>\$ 32</u>	<u>139,988</u>	<u>\$ 139,956</u>
FUND BALANCE				
Beginning of year			<u>1,806,988</u>	
End of year			<u>\$ 1,946,976</u>	

**FIRE PROTECTION DISTRICT NO. 5 OF THE PARISH
OF POINTE COUPEE, LOUISIANA**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Chairperson of the governing board prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the accrual basis, covers the General Fund. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the governing board and are included in the financial statements.

In connection with budget preparation, a portion of the unreserved fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

Basis of Accounting

The Fire District's budget is prepared on the accrual basis of accounting as described in Note 1 to the Fire District's financial statements for the year ended December 31, 2013.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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*

To the Board of Commissioners
Fire Protection District No. 5 of the
Parish of Pointe Coupee
New Roads, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Fire Protection District No. 5 of the Parish of Pointe Coupee (the "District") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 27, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (findings 2013-1 and 2013-2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the provisions of the Louisiana Governmental Audit Guide is reported as items 2013-1 and 2013-3.

The District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC

Baton Rouge, LA
June 27, 2014

**FIRE PROTECTION DISTRICT NO. 5 OF THE
PARISH OF POINTE COUPEE, LOUISIANA**
Schedule of Findings and Responses
December 31, 2013

Section A - Summary of Auditor's Reports

- The auditor's report expresses an unqualified opinion on the basic financial statements of Fire Protection District No. 5 of the Parish of Pointe Coupee Parish, Louisiana.
- One significant deficiency was disclosed during the audit of the basic financial statements.
- One instance of noncompliance or other matters was disclosed during the audit of the basic financial statements.

Section B - Financial Statement Findings

2013-1 Custodial Credit Risk

Finding

The District has deposits in one local bank totaling \$533,509. \$250,000 is insured by the FDIC which leaves the remaining balance of \$283,489 at risk of loss, considering the fact that there were no pledged securities. R.S. 39:1225 requires the amount of the security at all times to be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of deposits insured by any governmental agency insuring bank deposits under the laws of the United States.

Recommendation

We suggest management open deposit accounts at separate financial institutions to ensure one hundred percent coverage. Alternatively, management could request the bank to provide collateral for the deposits in excess of the FDIC limits.

Response

In June 2014, management executed a collateral agreement with its financial institution to ensure that securities have been pledged in the District's name to the extent deposits exceed FDIC limits. As a result of actions taken, the District considers this matter resolved.

2013-2 Policies

Finding

Each fire station within the district operates under separate policies and by-laws.

Recommendation

We recommend that the board create one set of policies and by-laws for the district as a whole.

Response

Management agrees with the finding and is considering developing a unitary set of policies under which all stations will operate. However, each fire station is a separate non-profit entity governed by an independent board of directors. As a result, each board will have to ratify the recommendation of the Fire District once a set of policies is developed.

2013-3 Debt Issuance

Finding

The District entered into debt agreements in 2010 without the approval of the State Bond Commission. R.S. 39:1410.60 and the State Constitution Article VII Section 8(B) requires written approval of all bonds and other obligations issued or sold by the state, directly or through any state board, agency, or commission, or by any political subdivision of the state.

Recommendation

We recommend the District obtain retroactive approval from the State Bond Commission to remedy this compliance issue.

Response

Management is currently in the process of resolving this finding. The District has filed the required documentation with the State Bond Commission to retroactively approve the debt issuances. The hearing for retroactive approval of debt has been scheduled for August 21, 2014. At this time, the information necessary to secure debt approval has been submitted to the State Bond Commission. As a result, the District expects to have the approval made at the August State Bond Commission meeting which will resolve this matter.

**FIRE PROTECTION DISTRICT NO. 5 OF THE
PARISH OF POINTE COUPEE, LOUISIANA**
Resolution of Prior Year Audit Findings
December 31, 2012

2012-1 Timely Filing

Finding

The Fire Protection District No. 5 of the Parish of Pointe Coupee neglected to submit audited financial statements in a timely manner.

Status

This finding has been corrected by filing the 2013 audit by the due date.

2012-2 Custodial Credit Risk

Finding

The Fire Protection District No. 5 of the Parish of Pointe Coupee has a certificate of deposit at a local bank in the amount of \$253,158. Only \$250,000 was insured by the FDIC and there were no pledge securities, leaving \$3,158 at risk of loss.

Status

This finding has been restated as finding 2013-1.

2012-3 Policies

Finding

Each fire station in the district has its own set of policies or by-laws.

Status

This finding is in the process of being resolved. It has been restated as finding 2013-2.

2012-4 Debt Issuance

Finding

The Fire Protection District No. 5 of the Parish of Pointe Coupee entered into debt agreements in 2010 without approval of the State Bond Commission.

Status

This finding is in the process of being resolved. It has been restated as finding 2013-3.