

REPORT

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

**Component Unit Financial Statements
As of and for the Year
Ended December 31, 2016
with Supplemental Information Schedules**

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Component Unit Financial Statements
As of and for the Year Ended December 31, 2016
With Supplemental Information Schedule

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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

Board of Commissioners
Washington Parish Fire
Protection District No. 3
Franklinton, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities of Washington Parish Fire Protection District No. 3 (a component unit of the Washington Parish Government), as of and for the year ended December 31, 2016, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that management discussion and analysis and budgetary supplemental information on pages 2 through page 8 and page 26 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. This information is the representation of management. This information was subject to our compilation engagement, however, I have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

The supplementary information contained in the Other-Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information

I am not independent with respect to Washington Parish Fire Protection District No.3.

Minda Raybourn

Minda B. Raybourn
Certified Public Accountant
Franklinton, Louisiana
June 2, 2017

Management's Discussion and Analysis

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Introduction

Washington Parish Fire Protection District No. 3 is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standard Board Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis for State and Local Governments* (hereinafter referred to as GASB 34) and related standards.

Financial Highlights

- Total assets at December 31, 2016 were \$549,380 and net position of \$418,384 exceeded liabilities of \$130,996. Of total net position, \$142,546 may be used to meet the District's ongoing obligations to citizens and creditors. The balance of the total assets are invested in capital assets net of related debt (\$275,838).
- Revenues consist primarily of ad valorem taxes and state revenue sharing. The total revenues for the fiscal year ending December 31, 2016 were \$110,039 representing an approximate increase of 0.62% from total revenues for fiscal year December 31, 2015 of \$109,363.
- The District's operating expenditures for the governmental fund were \$110,846, an increase of \$1,188 over 2015 expenditures of \$109,658. In the current year, the District had debt service payments of \$39,932. Capital outlay expenditures totaled \$1,770.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to basic financial statements themselves.

Government-wide financial statements - The government -wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These financial statements are reported using the full accrual accounting methods.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in nets position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between those activities of the District that are governmental and those that are considered business type activities.

Fund financial statement - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Modified accrual basis of accounting is used by the governmental funds.

Notes to financial statements - The notes to the financial statements provide required disclosures essential to the understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Financial Analysis

Statement of Net Position

Included below is a condensed Statement of Net Position for the District. The condensed format allows the reader to view the overall financial position of the District. An explanation of the components of this statement is included immediately following the table.

	December 31, 2015	December 31 2016	Dollar Change	Percent Change
Assets:				
Current And Other Assets	\$ 525,744	\$ 145,571	\$ (380,173)	-72.31%
Capital Assets	42,153	403,809	361,656	857.96%
Total Assets	<u>567,897</u>	<u>549,380</u>	<u>(18,517)</u>	<u>-3.26%</u>
Liabilities				
Current Liabilities	38,323	40,095	1,772	4.62%
Long Term Liabilities	127,970	90,901	(37,069)	-28.97%
Total Liabilities	<u>166,293</u>	<u>130,996</u>	<u>(35,297)</u>	<u>-21.23%</u>
Net Position				
Invested in Capital Assets, Net	258,251	275,838	17,587	6.81%
Unrestricted	143,353	142,546	(807)	-0.56%
Total Net Position	<u>\$ 401,604</u>	<u>\$ 418,384</u>	<u>\$ 16,780</u>	<u>4.18%</u>

See page 9 for more detailed Statement of Net Position for the District.

Government-Wide review of the condensed Statement of Net Position

The composition of net position and the change in net position over time serves as a useful indicator of a government's financial position. The District's assets at fiscal year-end exceed liabilities by \$418,384 (net position). The amount invested in capital assets, net of related debt is \$275,838. The remainder is unrestricted (\$142,546) that is available for meet the ongoing needs of the District.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Condensed Statement of Activities

	December 31, 2015	December 31 2016	Dollar Change	Percent Change
Program Expenses				
Public Safety	\$ 99,332	\$ 93,259	\$ 6,073	6.11%
General Revenues				
Ad valorem Taxes	83,053	85,362	2,309	2.78%
Other Revenues	26,310	24,677	(1,633)	-6.21%
Total Revenues	109,363	110,039	676	0.62%
Change in Net Position	10,031	16,780	6,749	67.28%
Net Position, Beginning of Year	391,573	401,604	10,031	2.56%
Net Position, End of Year (restated)	401,604	418,384	16,780	4.18%

The major expenditures within the Statement of Activities are depreciation expense of \$19,473 (21% of total expenditures), repairs and maintenance of \$19,402 (21%) and insurance of \$14,282 (15%).

Ad valorem taxes are the primary source of revenue totaling \$85,362 (78% of total revenue) for the fiscal year ending, December 31, 2016. The next source of revenue is state revenue sharing and insurance rebates of \$24,457(22% of total revenues).

Governmental Fund

The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resource available for spending at year-end.

As of December 31, 2016, The District's governmental fund reported an ending balance of \$142,546, a decrease of \$807 in comparison to prior year. Approximately 91% of this total (\$130,438) constitutes unassigned fund balance, which is available for spending at the District's discretion. The District had \$12,108 fund balance that is nonspendable due to prepaid insurance.

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT**

Franklinton, Louisiana

Management's Discussion and Analysis

Budgetary Highlight

The District does not have a formal policy on adopting a budget. The budget for year ending December 31, 2016, was adopted at the District's December 2015 regular meeting. The budget was not amended. All appropriations lapse at year-end. The District was not in compliance with the Local Government Budget Act which requires that variance is only 5%. The expenditures were over budget by 14%.

	Original Budget	Actual	Variance
REVENUES:			
Ad valorem taxes	\$ 92,000	\$ 85,362	\$ (6,638)
State revenue sharing	5,000	13,554	8,554
Insurance rebates	-	10,903	10,903
Miscellaneous	-	220	220
Total Revenues	97,000	110,039	13,039
EXPENDITURES:			
Accounting & legal	4,500	4,000	500
Advertising	-	-	-
Capital outlay	-	1,770	(1,770)
Debt Service-Principal and Interest	25,000	26,735	(1,735)
E dispatching	-	-	-
Emergency Reporting	-	1,881	(1,881)
Lease Payment	15,000	14,783	217
Dues	350	350	-
Fuel, gas, and oil	4,000	2,149	1,851
Insurance	13,500	14,282	(782)
Internet	-	1,455	(1,455)
Miscellaneous	1,500	-	1,500
Office supplies	500	2,091	(1,591)
Pension expense	-	3,025	(3,025)
Repairs and maintenance	14,500	19,402	(4,902)
Supplies	10,000	13,424	(3,424)
Training	500	-	500
Utilities	8,000	5,499	2,501
Total Expenditures	97,350	110,846	(13,496)
Excesss/(deficiency) of revenues over expenditures	(350)	(807)	(457)
Other Financing Sources/(Uses)			
Transfers In/(Out)	-	-	-
NET CHANGE IN FUND BALANCE	(350)	(807)	(457)
FUND BALANCE, JANUARY 1, 2016	143,353	143,353	-
FUND BALANCE, DECEMBER 31, 2016	\$ 143,003	\$ 142,546	\$ (457)

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Capital Assets

At the end of the fiscal year December 31, 2016 the District had \$403,809 (net of accumulated depreciation) recorded in capital assets. Capital outlays are recorded as expenditures of the general fund and as assets in the government-wide financial statement. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful life:

Fire Stations	40 years
Fire Trucks and Other Trucks	5-20 years
Equipment	3-10 years

Fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at fair market value on the date donated. The costs, of all assets acquired prior to 1989, have been valued using estimated historical cost.

Capital asset activity for the year ended December 31, 2016:

	Balance December 31, 2015	Balance December 31, 2016	Dollar Change	Percentage Change
Non-depreciable assets				
Land	17,612	17,612	-	0%
Construction in progress	-	-	-	0%
Total non-depreciable	17,612	17,612	-	0%
Fire Truck	257,872	257,872	-	0%
Fire Station	291,150	291,150	-	0%
Fire Equipment	120,326	122,096	1,770	1%
Depreciable Assets	669,348	671,118	1,770	0%
Accumulated Depreciaton	(265,448)	(284,921)	(19,473)	7%
Net Capital Assets	421,512	403,809	(17,703)	-4%

Depreciation expense for the year ending December 31, 2016 was \$19,473. The District purchased \$1,770 for a new computer.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Long Term Debt Activity

The following is a summary of the long-term liability transaction during the year ended December 31, 2016:

	Beginning Balance <u>1/1/2016</u>	<u>Addition</u>	<u>Deduction</u>	Ending Balance <u>12/30/2016</u>
Certificates of Indebtedness	124,000		(23,000)	101,000
Lease Payable	39,261		(12,290)	26,971
	<u>163,261</u>	<u>-</u>	<u>(35,290)</u>	<u>127,971</u>

In 2011, the District approved a resolution to incur debt of \$210,000 of certificates of indebtedness. The terms and conditions are for ten years notes at 3.320% interest.

In 2014, the District entered into a long-term lease for the purchase of a 1997 Freightliner commercial pumper for \$65,600. The terms and conditions of the lease are for 5 years at 6.350%.

Future Economic Plans

The District management's approach is conservative. The board actively monitors revenues and expenses and evaluates the cost of all purchases and any proposed expansion projects.

FINANCIAL STATEMENTS

STATEMENT A

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Net Position
December 31, 2016**

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 45,863
Cash restricted	-
Property tax receivable	87,600
Due from other government	-
Prepaid expenses	<u>12,108</u>
Total current assets	<u>145,571</u>
 Capital assets	
Land	17,612
Vehicles , building , and equipments	671,118
Less accumulated depreciation	<u>(284,921)</u>
Total capital assets	<u>403,809</u>
 Total assets	 <u>549,380</u>
 CURRENT LIABILITIES:	
Pension Deduction	3,025
Certificates of Indebtedness Due within One year	24,000
Lease Payable Due within One year	<u>13,070</u>
Total current Liabilities	<u>40,095</u>
 NON CURRENT LIABILITIES	
Lease Payable	13,901
Long term Debt	<u>77,000</u>
Total non-current liabilities	<u>90,901</u>
 Total Liabilities	 <u>130,996</u>
 Net Position	
Invested in capital assets, net of related debt	275,838
Unrestricted	<u>142,546</u>
 Total Net Position	 <u>\$ 418,384</u>

See accountant's compilation report and accompanying notes to the financial statements.

STATEMENT B

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016**

PROGRAM EXPENSES:

Accounting and legal	\$ 4,000
Depreciation expense	19,473
Emergency reporting	1,881
Fuel, gas, and oil	2,149
Insurance	14,282
Internet	1,455
Interest expense	6,228
Office supplies	2,091
Dues	350
Pension deduction	3,025
Repairs and maintenance	19,402
Supplies	13,424
Utilities	5,499
TOTAL PROGRAM EXPENSES:	<u>93,259</u>

PROGRAM REVENUES:

Ad valorem taxes	\$ 85,362
State revenue sharing	13,554
Insurance rebate	10,903
Other	220
Net Program Revenues	<u>110,039</u>

CHANGE IN NET POSITION 16,780

BEGINNING NET POSITION, JANUARY 1, 2016 401,604

ENDING NET POSITION, DECEMBER 31, 2016 \$ 418,384

See accountant's compilation report and accompanying notes to the financial statements.

STATEMENT C

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General Fund</u>
ASSETS:	
Cash and cash equivalents	\$ 45,863
Property tax receivable	87,600
Prepaid expenses	<u>12,108</u>
TOTAL ASSETS	<u>\$ 145,571</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Pension deduction	<u>3,025</u>
Total Liabilities	<u>\$ 3,025</u>
 FUND BALANCE	
Nonspendable	12,108
Unassigned	<u>130,438</u>
Total Fund Balances	<u>142,546</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 145,571</u>

See accountant's compilation report and accompanying notes to the financial statements.

STATEMENT C

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2016

Reconciliation of the Balance Sheet to the Statement of Net Position:

Total Governmental Fund Balance	\$	142,546
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		403,809
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds		
Lease Payable		(26,971)
Note Payable		(101,000)
Net Position of Governmental Activities	\$	<u>418,384</u>

See accountant's compilation report and accompanying notes to the financial statements

STATEMENT D

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Revenues, Expenditures
and Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General
REVENUES:	
Ad valorem taxes	\$ 85,362
State revenue sharing	13,554
Insurance rebates	10,903
Miscellaneous	220
Total Revenues	110,039
EXPENDITURES:	
Accounting and legal	4,000
Capital outlay	1,770
Emergency reporting	1,881
Debt Service- Interest expense	3,735
Debt Service-Principal payment	23,000
Lease payment -interest	2,493
Lease payment -principal	12,290
Fuel, gas, and oil	2,149
Insurance	14,282
Internet	1,455
Office supplies	2,091
Dues	350
Pension expense	3,025
Repairs and maintenance	19,402
Supplies	13,424
Utilities	5,499
Total expenditures	110,846
Excesss/(deficiency) of revenues over expenditures	(807)
Other Financing Sources/(Uses)	-
Transfers In/(Out)	-
NET CHANGE IN FUND BALANCE	(807)
FUND BALANCE, JANUARY 1, 2016	143,353
FUND BALANCE, DECEMBER 31, 2016	\$ 142,546

See accountant's compilation report and accompanying notes to the financial statements.

STATEMENT D

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Statement of Revenues, Expenditures
and Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities

Net change in fund balance \$ (807)

Governmental funds report capital outlay as expenditures. In the
Statement of Activities, the costs of those assets are
depreciated over their estimated useful lives.

Expenditures for capital assets 1,770
Current year's depreciation expense (19,473)

The issuance of long term debt provides current financial resources
to governmental funds, while the repayment of the principal of long
term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net position.
This amount is the net effect of these differences in the treatment of
long-term debt and related items.

Principal payments 35,290

Change in net position 16,780

See accountant's compilation report and accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

INTRODUCTION

The Fire Protection District Number Three of Washington Parish was created under the Louisiana Revised Statute 40:1496.12E. The District shall constitute a public corporation and as such shall have all the powers of a public corporations, including perpetual existence and the right and power to incur debt and contract obligations, to sue and be sued, and to have a corporate seal. The District shall also be authorized to do and perform all acts in its corporate capacity and in its name, necessary and proper, for the purposes of acquiring, maintaining and operating buildings, machinery, equipment, water tank, water hydrants, water lines, and such other things as might be necessary or proper for effective fire prevention and control as considered necessary by the parish governing body of the District for the protection of the property within the limits of the District against fire.

The governing body of the parish shall appoint a five member board that shall perform all duties, functions, and powers responsible for the operation and maintenance of the District. All funds of the District shall be administered by the board. The board of commissioner members may be paid a per diem of fifty dollars for attending meetings of the board, and may be reimbursed any expenses incurred in performing the duties imposed upon them.

The District encompasses approximately 80 square miles in a portion of Wards 8 and 3 of Washington Parish, and serves approximately 2,600 people and several small businesses living and operating within the boundaries of the District. The District operates four fire stations which are located as follows: one in Warnerton, Louisiana, a second on LA Highway 38 in the Hayes Creek Community, a third on LA Highway 430 in Hackley, Louisiana and the fourth in Clifton just off Hwy 25, with a totally volunteer staff of firefighters.

NOTE 1-SUMMARY SIGIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING AND FINANCIAL STATEMENT

The District's financial statements are prepared on the modified accrual basis in accordance with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principle Board (APB) of the Committee on Accounting Procedures, Issued on or before November 1989, unless those pronouncements conflict or contradict with GASB pronouncements.

These financial statements are presented in conformance with GASB Statement No.34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. Statement No. 34 established standards for financial reporting, with presentation requirements including a statement of net assets (or balance sheet), a statement of activities and change in net assets, and a statement of cash flows.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Washington Parish Government is the financial reporting entity for Washington Parish. The financial reporting entity consists of (a) the primary government, parish council, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Washington Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

Because the parish council appoints a voting majority of the District's governing board and the parish council has the ability to impose its will on the District, the District was determined to be a component unit of the Washington Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

C. FUND ACCOUNTING

The District maintains its financial records on a fund basis, whereby a self-balancing set of accounts (Governmental Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The general fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

D. BASIS OF ACCOUNTING

The accompanying financial statements of the Washington Parish Fire Protection District No. 3 have been prepared in conformity with generally accepted accounting principles of the United State of America (GAAP) as applied to government units. The accompanying financial statements have been prepared in conformity with GASB-34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*. Under GASB-34, a statement of net assets and statement of activities are prepared which are presented on the accrual basis of accounting. The significant differences are capital outlay is reported as an asset and depreciated in the government-wide statement. Also long term obligations are recorded as liabilities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The accounting and financial reporting treatment applied to a fund is determined by its measurement of focus. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet in the fund statements. Long term assets and long term liabilities are included in the governmental-wide statements. Operating statements of governmental funds

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

present increases (revenues), other financing sources and decreases (expenditures), and other financing uses are included in current assets.

The government-wide statements of net position and statement of activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with operation of these activities are included on the statement of net position.

The statements of net position and statements of activities are presented on the accrual basis of accounting. Under this method of accounting exchange, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The modified accrual basis of accounting is used by the governmental funds. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. Effective for financial statements issued after June 30, 2000, GASB Statement 33, Accounting and Financial Reporting for Nonexchange Transactions, defines a nonexchange transaction as a transaction whereby the government gives or receives value without directly receiving or giving equal value in return. Property taxes are imposed nonexchange revenues which result from assessments imposed on nongovernmental entities including individuals. Assets should be recognized when the government has an enforceable lien or legal claim to the resources, or the resources are received, whichever occurs first. Property tax revenues are recognized in the period in which the District has legal claim to the resources. However, for revenue to be recognized under the modified accrual basis, the measurable and available criteria must also be met. Governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized in the accounting period they become available and measurable. Donations, fund raising net revenues and state revenue sharing is recorded when received. Ad valorem taxes become a lien against the assessed property on assessment date or levy date. Property taxes collected by the taxing authority, but not remitted to the District at year-end, are accrued in revenue and included in property tax receivable.

Expenditures

Expenditures are recognized in the accounting period when the fund liability is incurred.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

E. BUDGETS

The District does not have a formal policy on adopting a budget. The budget for year ending December 31, 2016, was adopted at the District's December 2015, regular meeting. The District was not in compliance with the Local Government Budget Act which requires a 5% variance in expenditures and revenues. The District's expenditures were over budget by 14%.

F. ENCUMBRANCES

The District does not use encumbrance accounting.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

H. PREPAID ITEMS

Prepaid items consist of expenses, paid in the current year, that cover operations, during the next fiscal year.

I. CAPITAL ASSETS

Capital outlays are recorded as expenditures of the General Fund and as assets in the government-wide financial statement. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful life:

Fire Stations	40 years
Fire Trucks and Other Trucks	5-20 years
Equipment	3-10 years

Fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated assets are valued at fair market value on the date donated. The cost of all assets acquired prior to 1989 have been valued using estimated historical cost.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

J. COMPENSATED ABSENCES

The District does not have any paid employees; therefore, it does not have a formal leave policy.

K. LONG-TERM OBLIGATIONS

Long-term obligations are reported in the government-wide financial statement.

L. NET POSITION-GOVERNMENT WIDE

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

- Invested in capital assets, net of related debt – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or indebtedness attributable to acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year-end, the portion of the debt attributable to unspent proceeds is not included in the calculation of of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position calculation as unspent proceeds.
- Restricted – this component of net position consists of constraints placed on the asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments or constraints imposed by law though constitutional provisions or enabling legislation.
- Unrestricted – This component of net position consists of assets and liabilities that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

M. FUND BALANCE-GOVERNMENTAL FUND STATEMENT

In the fund financial statements, governmental fund equity is classified as fund balance. Governmental funds are classified as follows:

- **Nonspendable** -These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** -These are amounts that can be spent only for specific purpose because of constitutional provisions, enabling legislation, or externally imposed constraints by creditors, grantor, contributors or the laws or regulations of other governments.
- **Committed** -These are amounts that can be used for specific purpose determined by a formal decision by the Board Members, which are the highest level of decision-making authority for the District.
- **Assigned** -These are amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purpose.
- **Unassigned** -These are all other spendable amounts.

NOTE-2 LEVIED TAXES

On November 20, 1999, the voters of Washington Parish passed a proposition approving the levy of a 10 year, 17 mill property tax for acquiring, constructing, improving, maintaining and/or operating fire protection facilities and equipment for the District and paying the cost of obtaining water for fire protection purposes. For 2016, the millage was set at 17.28 mills.

2016 Assessed Property Value	9,251,110
Homestead Exemption	<u>(4,181,719)</u>
Taxable Value	<u><u>5,069,391</u></u>
17.28 mill assessment	159,861
Homestead Exemption	<u>(72,261)</u>
Total Tax	<u><u>87,600</u></u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

NOTE-3 CASH AND CASH EQUIVALENTS

At December 31, 2016, the District has cash and cash equivalents totaling \$45,863 as follows:

Non-interest bearing demand deposit	45,863
Total Cash	45,863

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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2016, the District had \$47,156 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of the federal deposit insurance and the remaining collateralized by Whitney Bank.

NOTE-4 RECEIVABLES

The following is a summary of receivables at December 31, 2016:

	December 31,
<u>Class of receivables</u>	2016
Ad valorem Tax Receivable	85,362

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

NOTE-5 CAPITAL ASSETS:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Non-depreciable assets				
Land	17,612	-	-	17,612
Construction in progress				
Total non-depreciable	17,612	-	-	17,612
Depreciable				
Fire Trucks	257,872		-	257,872
Fire Station	291,150		-	291,150
Fire Equipment	120,326	1,770	-	122,096
Depreciable assets	669,348	1,770	-	671,118
Accumulated Depreciation				
Fire Trucks	(117,643)	(10,529)		(128,172)
Fire Station	(30,227)	(7,269)		(37,496)
Fire Equipment	(117,578)	(1,676)		(119,254)
Total Accumulated Depreciation	(265,448)	(19,473)	-	(284,921)
Net Depreciable Assets	403,900	(17,703)	-	386,197
Net Capital Assets	421,512	(17,703)	-	403,809

Depreciation expense for the year ending December 31, 2016 was \$19,473. The District purchased a new computer for \$1,770.

NOTE 6 LONG-TERM DEBT

In 2011, the District approved a resolution to incur debt of \$210,000 of certificates of indebtedness. The terms and conditions of the certificates are for ten years at 3.320% interest.

In 2014, the District entered into a long-term lease for the purchase of a 1997 Freightliner commercial pumper for \$65,600. The terms and conditions of the lease are for 5 years at 6.350%.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

The following is a summary of the long-term liability transaction during the year ended December 31, 2016:

	Beginning Balance 1/1/2016	Addition	Deduction	Ending Balance 12/30/2016	Due Within 1 Year
Certificates of Indebtedness	124,000		(23,000)	101,000	24,000
Lease Payable	39,261		(12,290)	26,971	13,070
	<u>163,261</u>	<u>-</u>	<u>(35,290)</u>	<u>127,971</u>	<u>37,070</u>

Following is a schedule of future debt payments on these certificates of indebtedness:

Years	Principal	Interest	Total
2017	24,000	2,955	26,955
2018	25,000	2,141	27,141
2019	26,000	1,295	27,295
2020	26,000	431	26,431
	<u>101,000</u>	<u>6,822</u>	<u>107,822</u>

Following is a schedule of future debt payments on the lease payable:

Years	Principal	Interest	Total
2017	13,070	1,713	14,783
2018	13,901	883	14,784
	<u>26,971</u>	<u>2,596</u>	<u>29,567</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2016

NOTE 7 LITIGATION AND CLAIMS

As of December 31, 2016, the District was not involved in any outstanding litigation.

NOTE 8 RELATED PARTY TRANSACTION

There were no related party transactions.

NOTE 9 SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 2 2017, the date the financial statements were available to be issued. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending December 31, 2016.

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE I

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
 Franklinton, Louisiana
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Ad valorem taxes	\$ 92,000	\$ 85,362	\$ (6,638)
State revenue sharing	5,000	13,554	8,554
Insurance rebates	-	10,903	10,903
Miscellaneous	-	220	220
Total Revenues	<u>97,000</u>	<u>110,039</u>	<u>13,039</u>
EXPENDITURES:			
Accounting & legal	4,500	4,000	500
Advertising	-	-	-
Capital outlay	-	1,770	(1,770)
Debt Service-Principal and Interest	25,000	26,735	(1,735)
E dispatching	-	-	-
Emergency Reporting	-	1,881	(1,881)
Lease Payment	15,000	14,783	217
Dues	350	350	-
Fuel, gas, and oil	4,000	2,149	1,851
Insurance	13,500	14,282	(782)
Internet	-	1,455	(1,455)
Miscellaneous	1,500	-	1,500
Office supplies	500	2,091	(1,591)
Pension expense	-	3,025	(3,025)
Repairs and maintenance	14,500	19,402	(4,902)
Supplies	10,000	13,424	(3,424)
Training	500	-	500
Utilities	8,000	5,499	2,501
Total Expenditures	<u>97,350</u>	<u>110,846</u>	<u>(13,496)</u>
Excesss/(deficiency) of revenues over expenditures	(350)	(807)	(457)
Other Financing Sources/(Uses)			
Transfers In/(Out)	-	-	-
NET CHANGE IN FUND BALANCE	(350)	(807)	(457)
FUND BALANCE, JANUARY 1, 2016	<u>143,353</u>	<u>143,353</u>	<u>-</u>
FUND BALANCE, DECEMBER 31, 2016	<u>\$ 143,003</u>	<u>\$ 142,546</u>	<u>\$ (457)</u>

See accountant's compilation report and accompanying notes to the financial statements.

SUPPLEMENTAL INFORMATION

SCHEDULE II

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 2016**

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members were not paid compensation in any form.

	<u>Term</u>
Larry L. Magee	12/31/2021
Hackley Magee	12/31/2020
Ivan Clay Hinote II	12/31/2021
Dudley Nielson	12/31/2019
Justin Porche	12/31/2019

See accountant's compilation report and accompanying notes to financial statements.

SCHEDULE III

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 3
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 2016**

COMPENSATION, BENEFITS, & OTHER PAYMENTS TO AGENCY HEAD

Agency Head: Ivan Hinote

There were no compensation, benefits, or other payments made to the agency head during 2016.

See accountant's compilation report and accompanying notes to financial statements.