

REPORT

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana**

**Annual Financial Statements
As of and for the Year
Ended December 31, 2016**

Minda B. Raybourn
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Limited Liability Company
820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2016
With Supplemental Information Schedules

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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

Board of Commissioners
Washington Parish Fire
Protection District No.2
Richardson, Louisiana

Management is responsible for the accompanying financial statements of the governmental activities of Washington Parish Fire Protection District No. 2, a component unit of Washington Parish Government, as of and for the year ended December 31, 2016, and related notes to the financial statements, which collectively comprise the District'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 the management's discussion and analysis and budgetary supplemental information on pages 4 through 12 and page 32 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 my 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.2.

Minda Raybourn

Minda Raybourn
Certified Public Accountant
Franklinton, Louisiana
June 26, 2017

Management's Discussion and Analysis

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Management's Discussion and Analysis

Introduction

Washington Parish Fire Protection District No. 2 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.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements.

Financial Highlights

- Total assets at December 31, 2016 were \$1,103,475 and exceeded liabilities by \$681,506 (net position). Of total net position, \$157,325 may be used to meet the District's ongoing obligations to citizens and creditors. The balance of the total net position are invested in capital assets net of related debt at \$268,342, restricted for debt \$22,901 and restricted for building and equipment outlay for \$232,938.
- Revenues consist primarily of ad valorem taxes, insurance rebate, and revenue sharing. The total revenues for the fiscal year ending December 31, 2016 were \$129,720 representing an approximate increase of 8.13% from total revenues for fiscal year December 31, 2015 of \$119,968.
- The District's operating expenditures for the governmental fund were \$77,650, consisting of those expenditures resulting from the District's ongoing operations. The expenses decreased by \$27,900 (26%) compared to expenditures of \$105,550 for the fiscal year ended December 31, 2015. The debt service fund recorded a bond payment of \$10,570. The government-wide statement of activities recorded depreciation expense of \$44,236.

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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Management's Discussion and Analysis

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 net position may serve as a useful indicator of whether the financial direction 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.

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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Franklinton, Louisiana

Management's Discussion and Analysis

Financial Analysis

Condensed Statement of Net Position

	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current And Other Assets	\$ 406,914	\$ 835,133	\$ 428,219	105.24%
Capital Assets	<u>283,178</u>	<u>268,342</u>	<u>(14,836)</u>	<u>-5.24%</u>
Total Assets	<u>690,092</u>	<u>1,103,475</u>	<u>413,383</u>	<u>59.90%</u>
Liabilities				
Current Liabilities	13,439	41,969	28,530	212.29%
Long Term Liabilities	<u>-</u>	<u>380,000</u>	<u>380,000</u>	<u>100.00%</u>
Total Liabilities	<u>13,439</u>	<u>421,969</u>	<u>408,530</u>	<u>3039.88%</u>
Net Position				
Invested in Capital Assets, Net	273,178	268,342	(4,836)	-1.77%
Restricted for Debt Service & Capital	279,654	255,839	(23,815)	-8.52%
Unrestricted	<u>123,821</u>	<u>157,325</u>	<u>33,504</u>	<u>27.06%</u>
Total Net Position	<u>\$ 676,653</u>	<u>\$ 681,506</u>	<u>\$ 4,853</u>	<u>0.72%</u>

See page 9 for a 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 \$681,506 (net position). Of the District's net assets, \$255,839 is restricted for debt service and capital projects. The balance of net position includes \$268,342 invested in capital assets, net of related debt and \$157,325 is unrestricted net position. These unrestricted assets are available to meet the ongoing needs of the District.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Management's Discussion and Analysis

Condensed Statement of Activities

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2016</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>
Program Expenses				
Public Safety	<u>\$ 137,456</u>	<u>\$ 124,867</u>	<u>\$ 12,589</u>	<u>9.16%</u>
General Revenues				
Advalorem Taxes	102,505	111,101	8,596	8.39%
State Revenue Sharing	7,674	9,887	2,213	28.84%
Insurance Rebate	9,642	8,566	(1,076)	-11.16%
Other Revenue	-	100	100	100%
Interest Earned	147	66	(81)	-55.10%
	<u>119,968</u>	<u>129,720</u>	<u>9,752</u>	<u>8.13%</u>
Change in Net Position	(17,488)	4,853	22,341	-127.75%
Net Position, Beginning of Year	<u>694,141</u>	<u>676,653</u>	<u>(17,488)</u>	<u>-2.52%</u>
Net Position, End of Year	<u>676,653</u>	<u>681,506</u>	<u>4,853</u>	<u>0.72%</u>

The major expenditure within the Statement of Activities is depreciation expense at \$44,236 (35% of total expenditures), followed by insurance of \$21,027 (17%), and bond issuance costs of \$14,264 (11%).

Ad valorem taxes are the primary source of revenue totaling \$111,101 (86% of total revenue) for the fiscal year ending, December 31, 2016. The other major sources of revenue is revenue sharing of \$9,887 and insurance rebates of \$8,566.

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WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Management's Discussion and Analysis

Analysis of Fund Financial Statements

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, unreserved 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 \$813,164, an increase of \$403,475 in comparison to prior year. Approximately 19% of this total (\$156,965) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is restricted for debt service (\$52,511), restricted for capital projects (\$368,529), unspendable due to prepaid expenses (\$8,950) and committed for capital outlay (\$226,209).

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Richardson, 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 regular meeting. The budget was amended before the year ended. The District's revenues and expenditures were in line with budgeted amounts as required by the Local Government Budget Act (R.S. 39:1301-1315).

Budget vs. Actual – Fiscal Year End December 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad valorem taxes	\$ 100,000	\$ 100,834	\$ 834
Insurance Rebate	8,565.00	8,566	1
State revenue sharing	7,350	9,887	2,537
Interest earned	50	67	17
Other	100	100	-
Total Revenues	<u>116,065</u>	<u>119,454</u>	<u>3,389</u>
EXPENDITURES:			
Capital Outlay	11,000	8,600	2,400
Advertising	6,200	-	6,200
Bond issuance costs	-	3,593	(3,593)
Dues	350	745	(395)
Election costs	800	4,607	(3,807)
Fire Gear	2,200	2,187	13
Fuel, gas, and oil	3,000	1,993	1,007
Insurance	22,000	21,027	973
Internet	-	913	(913)
Lease/Rent	1,800	1,650	150
Medical Equipment	2,000	1,943	57
Office Expense	700	695	5
Other	185	93	92
Pension deduction	-	3,429	(3,429)
Professional Fees	6,250	5,150	1,100
Radios	-	-	-
Repairs and maintenance	18,000	8,341	9,659
Supplies	2,600	4,732	(2,132)
Telephone	2,800	1,683	1,117
Training	1,600	1,620	(20)
Uniforms	1,000	513	487
Utilities	3,800	4,136	(336)
Total expenditures	<u>86,285</u>	<u>77,650</u>	<u>8,635</u>
Excess (deficiency) of revenues over expenditures	29,780	41,804	12,024
OTHER FINANCING SOURCES (USES)			
Transfers in	-	314	314
Total other financing sources (uses)	<u>-</u>	<u>314</u>	<u>314</u>
Net change in fund balance	29,780	42,118	12,338
FUND BALANCE, JANUARY 1, 2016	<u>350,006</u>	<u>350,006</u>	<u>-</u>
FUND BALANCE, DECEMBER 31, 2016	<u>379,786</u>	<u>392,124</u>	<u>12,338</u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Management's Discussion and Analysis

Capital Assets

At the end of the fiscal year December 31, 2016, the District had \$268,342 (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:

	December 31 2015	December 31 2016	Dollar Change	Percent Change
Land	61,062	61,062	-	0.00%
Construction in Progress		21,525	21,525	100.00%
Firetrucks	630,781	630,781	-	0.00%
Fire Station	40,784	40,784	-	0.00%
Equipment	166,477	174,353	7,876	4.73%
Subtotal	899,104	928,505	29,401	3.27%
Less Accumulated				
Depreciation	(615,926)	(660,163)	(44,237)	7.18%
Net Capital Assets	283,178	268,342	(14,836)	-5.24%

The District purchased a thermal imager for \$7,876. Construction expenditures for a new station were incurred for \$21,525. Depreciation expense was recorded at \$44,237.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
WASHINGTON PARISH GOVERNMENT
Richardson, Louisiana

Management's Discussion and Analysis

Long Term Obligations

The following is a summary of the long-term obligation transactions during the year:

	January 1 2016	Additions	Deductions	December 31 2016
General Obligation Bonds Series 1998	10,000		(10,000)	-
General Obligation Bonds Series 2016		400,000	-	400,000
Total	<u>10,000</u>	<u>400,000</u>	<u>(10,000)</u>	<u>400,000</u>

The general obligation bonds Series 1998 were retired during the fiscal year.

In 2016, the District issued \$400,000 of general obligation bonds to construct a new fire station. The first payment date is March 1, 2017 and the maturity date is March 1, 2031. Interest rates range from 2.361% to 2.462%. Total debt service payments for the bonds are \$479,527.

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 #2
WASHINGTON PARISH GOVERNMENT

Richardson, Louisiana

Statement of Net Position

December 31, 2016

	<u>Governmental Activities</u>
ASSETS:	
Cash and cash equivalents	\$ 57,262
Cash restricted	655,839
Receivables	113,082
Prepaid expenses	8,950
Capital assets	
Land	61,062
Fire trucks	630,781
Fire stations	40,784
Equipment	174,353
Construction In Progress	21,525
Less accumulated depreciation	(660,163)
Capital assets , net	<u>268,342</u>
Total Assets	<u>1,103,475</u>
LIABILITIES:	
Pension Deduction	3,769
Construction payable	18,200
Long-term debt due in one year	20,000
Long-term debt due more than one year	380,000
Total Liabilities	<u>421,969</u>
NET POSITION	
Invested in capital assets, net of related debt	268,342
Restricted for Debt	22,901
Restricted for Buidling and Equipment	226,209
Restricted for Capital Project	6,729
Unrestricted	157,325
Total Net Position	<u>\$ 681,506</u>

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

STATEMENT B

WASHINGTON PARISH FIRE PROTECTION DISTRICT #2

WASHINGTON PARISH GOVERNMENT

Richardson, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

EXPENSES:

Administration cost	350
Advertising	
Bond issuance costs	14,264
Depreciation	44,236
Dues	745
Election expense	4,607
Fire Gear	2,187
Fuel, gas, and oil	1,993
Insurance	21,027
Interest	220
Internet	913
Lease/Rent	1,650
Medical Equipment	1,943
Office Supplies	695
Other	93
Pension deduction	3,769
Professional Fees	5,150
Repairs and maintenance	8,341
Supplies	4,732
Telephone	1,683
Training	1,620
Uniform	513
Utilities	4,136
TOTAL PROGRAM EXPENSES	<u>124,867</u>

REVENUES:

Ad valorem taxes	111,101
Insurance Rebate	8,566
State revenue sharing	9,887
Interest earned	66
Other revenues	100
TOTAL PROGRAM REVENUES	<u>129,720</u>

CHANGE IN NET POSITION 4,853

BEGINNING NET POSITION, JANUARY 1, 2016 676,653ENDING NET POSITION, DECEMBER 31, 2016 \$ 681,506

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

STATEMENT C

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
Richardson, LouisianaBalance Sheet
Governmental Funds
December 31, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS AND OTHER DEBITS				
ASSETS:				
Cash and cash equivalents	\$ 57,262	\$ -	\$ -	\$ 57,262
Receivables	103,132	9,950	-	113,082
Due to other funds	-	-	-	-
Prepaid expense	8,950	-	-	8,950
RESTRICTED ASSETS:			-	-
Cash	226,209	42,901	386,729	655,839
TOTAL ASSETS	<u>\$ 395,553</u>	<u>\$ 52,851</u>	<u>\$ 386,729</u>	<u>\$ 835,133</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
LIABILITIES:				
Due from other funds	\$ -	\$ -	\$ -	\$ -
Construction payable			18,200	18,200
Pension deduction	3,429	340	-	3,769
Total Liabilities	<u>3,429</u>	<u>340</u>	<u>18,200</u>	<u>21,969</u>
EQUITY AND OTHER CREDITS:				
Unspendable	\$ 8,950	\$ -	\$ -	\$ 8,950
Restricted for Debt Service	-	52,511	-	52,511
Committed for Capital Outlay	226,209	-	368,529	594,738
Unassigned	156,965	-	-	156,965
Total Equity and Other Credits	<u>392,124</u>	<u>52,511</u>	<u>368,529</u>	<u>813,164</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u>\$ 395,553</u>	<u>\$ 52,851</u>	<u>\$ 386,729</u>	<u>\$ 835,133</u>
RECONCILIATION TO GOVERNMENT WIDE STATEMENT:				
Fund Balance				\$ 813,164
Capital assets used in governmental funds are not financial resources, and are not reported in the funds.				
Land and other capital assets, net of depreciation.				268,342
Some liabilities including long term debt are not due and payable in the current period, and therefore, are not reported in the funds.				
Bonds payable				(400,000)
TOTAL NET POSITION				<u>\$ 681,506</u>

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

STATEMENT D

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
Richardson, LouisianaStatement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2016

	General	Debt Service	Capital Project	Total
REVENUES:				
Ad valorem taxes	\$ 100,834	\$ 10,266	\$ -	\$ 111,100
Insurance Rebate	8,566	-	-	8,566
State revenue sharing	9,887	-	-	9,887
Interest earned	67	-	-	67
Other	100	-	-	100
Total Revenues	<u>119,454</u>	<u>10,266</u>	<u># -</u>	<u>129,720</u>
EXPENDITURES:				
Capital Outlay	8,600	-	20,800	29,400
Advertising	-	-	-	-
Bond issuance costs	3,593	-	10,671	14,264
Dues	745	-	-	745
Election expense	4,607	-	-	4,607
Fire Gear	2,187	-	-	2,187
Fuel, gas, and oil	1,993	-	-	1,993
Insurance	21,027	-	-	21,027
Internet	913	-	-	913
Lease/Rent	1,650	-	-	1,650
Medical Equipment	1,943	-	-	1,943
Office Supplies	695	-	-	695
Other	93	-	-	93
Professional Fees	5,150	-	-	5,150
Repairs and maintenance	8,341	-	-	8,341
Supplies	4,732	-	-	4,732
Telephone	1,683	-	-	1,683
Training	1,620	-	-	1,620
Uniform	513	-	-	513
Utilities	4,136	-	-	4,136
Administration cost	-	350	-	350
Debt service:				
Principal retirement	-	10,000	-	10,000
Interest	-	220	-	220
Pension deduction	3,429	340	-	3,769
Total expenditures	<u>77,650</u>	<u>10,910</u>	<u>31,471</u>	<u>120,031</u>
Excess (deficiency) of revenues over expenditures	41,804	(644)	(31,471)	9,689
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	400,000	400,000
Transfers out	-	(314)	-	(314)
Transfers in	314	-	-	314
Total other financing sources (uses)	<u>314</u>	<u>(314)</u>	<u>400,000</u>	<u>400,000</u>
Net change in fund balance	42,118	(958)	368,529	409,689
FUND BALANCE, JANUARY 1, 2016	<u>350,006</u>	<u>53,469</u>	<u>-</u>	<u>403,475</u>
FUND BALANCE, DECEMBER 31, 2016	<u>\$ 392,124</u>	<u>\$ 52,511</u>	<u>\$ 368,529</u>	<u>\$ 813,164</u>

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

STATEMENT E

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 2
Richardson, Louisiana

Reconciliation of Statement of Revenues, Expenditures
and Change in Net Position to Statement of Activity
For the Year Ended December 31, 2016

CHANGE IN FUND BALANCE	\$	409,689
Capital Purchases		29,400
Current Depreciation		(44,236)
Proceeds from Debt		(400,000)
Debt Payment		<u>10,000</u>
Change in Net Position	\$	<u>4,853</u>

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

NOTES TO FINANCIAL STATEMENTS

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

INTRODUCTION

As provided by the Louisiana Revised Statute 40:1496.12B, the Fire Protection District No.2 of Washington Parish was created November 11, 1987 through a resolution passed by the Washington Parish Police Jury. The District shall constitute a public corporation and as such shall have all the powers of 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 tanks, 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. Members of the board of commissioners 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 90 square miles in a portion of Wards 9 and 1 of Washington Parish, and serves approximately 2,400 residents and several small businesses operating in this District. It operates three fire stations, one on Louisiana Highway 10 in the Richardson Community, a second on Louisiana Highway 450 in the Stoney Point Community and a third fire station in the Vernon Community, with a volunteer staff of firefighters.

NOTE 1 - SUMMARY OF SIGNIFICANT 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 position (or balance sheet), a statement of activities and change in net position, and a statement of cash flows.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
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.

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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

D. BASIS OF ACCOUNTING

The accompanying financial statements of the Washington Parish Fire Protection District No. 2 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 Governmental Accounting Standards Board Statement No. 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 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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 Non-exchange Transactions, defines a non-exchange transaction as a transaction whereby the government gives or receives value without directly receiving or giving equal value in return. Property taxes are imposed non-exchange 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.

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 regular meeting. The budget was amended before the fiscal year ended. All appropriations lapse at year-end. The District was in compliance with the Local Government Budget Act.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

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.

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

L. EQUITY-GOVERNMENT WIDE FINANCIAL STATEMENTS

In the government wide financial statements, equity is classified as net position in the following:

- 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 proceed in 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 asset 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.”

M. EQUITY-GOVERNMENTAL FUND STATEMENTS

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

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 2 - LEVIED TAXES

On July 18, 1998, the District offered two tax propositions to the voters of the District for funding fire protection. An 8 mill tax for the purpose of acquiring, constructing, improving, maintaining and/or operating fire protection facilities and equipment in and for the District for a period of 10 years beginning 1998 and ending with the year 2007 was passed by voters of the District. On October 20, 2007, the voters of the District renewed 8 mill tax for 10 years. For the period covered by these financial statements, the millage was set at 8.16 mills. These funds are accounted for in the General Fund of the District.

Also, on April 9, 2016, a proposition to issue general obligation bonds in the amount of \$400,000, to run 15 years for the purpose of acquiring, constructing and improving buildings, machinery and equipment, including both real and personal property, to be used in giving fire protection to the property of the District, payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974 was passed by the voters of the District. For the period covered by these financial statements, the millage was set at 2.50 mills.

	8.16 Mills	2.50 Mills
2016 Assessed property value	17,523,560	6,743,170
Less: Homestead Exemption	(4,884,840)	(2,763,265)
Taxable Value	12,638,720	3,979,905

	General Fund
8.16 Mill Assessment	103,132
2.50 Assessment	9,950
Net Assessment	103,132

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
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 \$713,101 as follows:

Demand Deposits	489,895
Time and Savings	<u>223,206</u>
Total cash and cash equivalents	<u><u>713,101</u></u>

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 \$695,401 in deposits (collected bank balances, including certificates of deposit). Custodial risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. As of December 31, 2016, the District was held collected bank balances in demand deposits of \$472,195 and collected bank balances in time and savings accounts of \$223,206. The District had demand deposits and time and savings accounts each covered by federal deposit insurance and pledged securities.

NOTE 4 - RESTRICTED CASH

The District has restricted cash of \$42,901 for debt service, \$226,209 reserved for building and capital projects, and \$386,729 in a capital projects account.

NOTE 5 - RECEIVABLES

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

General Fund Ad Valorem Taxes	<u>113,082</u>
Total Tax Receivable	<u><u>113,082</u></u>

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 6 - CAPITAL ASSETS

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

	January 1	Additions	Deductions	December 31
Land	\$ 61,062			\$ 61,062
Construction in Progress	\$ -	21,525		21,525
Fire Trucks	630,781			630,781
Fire Station	40,784			40,784
Equipment	166,477	7,876		174,353
Depreciable Assets	899,104	29,401	-	928,505
Accumulated Depreciation	(615,926)	(44,237)		(660,163)
Net Depreciable Assets	283,178	(14,836)	-	268,342

The District purchased a thermal imager for \$7,876. Construction expenditures for a new station were incurred for \$21,525. Depreciation expense was recorded at \$44,237.

NOTE 7 - LONG-TERM DEBT

The following is a summary of the long-term obligation transactions during the year:

	January 1 2016	Additions	Deductions	December 31 2016	Due Within One Year
General Obligation Bonds Series 1998	10,000		(10,000)	-	-
General Obligation Bonds Series 2016		400,000	-	400,000	20,000
Total	10,000	400,000	(10,000)	400,000	20,000

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

Also, on April 9, 2016, a proposition to issue general obligation bonds in the amount of \$400,000, to run 15 years for the purpose of acquiring, constructing and improving buildings, machinery and equipment, including both real and personal property, to be used in giving fire protection to the property of the District, payable from ad valorem taxes to be levied and collected in the manner provided by Article VI, Section 33 of the Constitution of the State of Louisiana of 1974 was passed by the voters of the District.

In 2016, the District issued \$400,000 of general obligation bonds to construct a new fire station. The first payment date is March 1, 2017 and the maturity date is March 1, 2031. Interest rates range from 2.361% to 2.462%. Total debt service payments for the bonds are \$479,527. Bond issuance costs of \$14,264 were incurred.

The annual requirements to amortize all bonds and/or indebtedness outstanding at December 31, 2016, including interest are as follows:

General Bond Obligation Series 2016			
Year Ending	Payments	Interest Payments	Total
2017	20,000	10,404	30,404
2018	22,000	8,968	30,968
2019	23,000	8,337	31,337
2020	23,000	7,794	30,794
2021	24,000	7,239	31,239
2022-2026	133,000	27,096	160,096
2027-2031	155,000	9,786	164,786
Total	400,000	79,624	479,624

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2016

NOTE 8 - LITIGATION AND CLAIMS

As of December 31, 2016, there were no litigations or claims against the District.

NOTE 9 - RELATED PARTY TRANSACTIONS

There were no related party transactions requiring disclosure in the financial statements.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 26, 2017, which is the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2016 that required recognition or disclosure in these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Schedule I

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 2016

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
 Richardson, Louisiana

Statement of Revenues, Expenditures
 and Changes in Fund Balance-Budget and Actual
 General Fund
 For the Year Ended December 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Ad valorem taxes	\$ 100,000	\$ 100,834	\$ 834
Insurance Rebate	8,565	8,566	1
State revenue sharing	7,350	9,887	2,537
Interest earned	50	67	17
Other	100	100	-
Total Revenues	<u>116,065</u>	<u>119,454</u>	<u>3,389</u>
EXPENDITURES:			
Capital Outlay	11,000	8,600	2,400
Advertising	6,200	3,593	2,607
Dues	350	745	(395)
Election costs	800	4,607	(3,807)
Fire Gear	2,200	2,187	13
Fuel, gas, and oil	3,000	1,993	1,007
Insurance	22,000	21,027	973
Internet		913	(913)
Lease/Rent	1,800	1,650	150
Medical Equipment	2,000	1,943	57
Office Expense	700	695	5
Other	185	93	92
Pension deduction		3,429	(3,429)
Professional Fees	6,250	5,150	1,100
Radios		-	-
Repairs and maintenance	18,000	8,341	9,659
Supplies	2,600	4,732	(2,132)
Telephone	2,800	1,683	1,117
Training	1,600	1,620	(20)
Uniforms	1,000	513	487
Utilities	3,800	4,136	(336)
Total expenditures	<u>86,285</u>	<u>77,650</u>	<u>8,635</u>
Excess (deficiency) of revenues over expenditures	29,780	41,804	12,024
OTHER FINANCING SOURCES (USES)			
Transfers in		314	314
Total other financing sources (uses)	<u>-</u>	<u>314</u>	<u>314</u>
Net change in fund balance	29,780	42,118	12,338
FUND BALANCE, JANUARY 1, 2016	<u>350,006</u>	<u>350,006</u>	<u>-</u>
FUND BALANCE, DECEMBER 31, 2016	<u>379,786</u>	<u>392,124</u>	<u>12,338</u>

See accountant's compilation report.

SUPPLEMENTAL INFORMATION

Schedule II

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, 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.

See accountant's compilation report.

Schedule III

WASHINGTON PARISH FIRE PROTECTION DISTRICT NO.2
Richardson, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 2016

COMPENSATION, BENEFITS, AND OTHER PAYMENTS PAID TO AGENCY HEAD

Agency Head: Mr. Larry Sylvest, Chief

There was no compensation, benefits, or other payments paid to the Chief.

See accountant's compilation report.