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DESBOTO PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1997

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

Release Date APR 22 1998

**VERNON R
COON**
LEGISLATIVE AUDITOR

DESOLO PARISH FIRE DISTRICT NO. 8
Maconfield, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Two Years Ended
December 31, 1997

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Independent Auditor's Report

**BOARD OF COMMISSIONERS
DESOLO PARISH FIRE DISTRICT NO. 8
Mandeville, Louisiana**

VERNON R. CUON
REGISTERED ACCOUNTANT
PUBLIC ACCOUNTANTS
OFFICE OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS
OFFICE LOCATED IN
MONROE, LOUISIANA
ACCOUNTING, TAX AND
FINANCIAL SERVICES

I have audited the general purpose financial statements of the Desoto Parish Fire District No. 8, a component unit of the Desoto Parish Police Jury, as of December 31, 1997, and for each of the years in the two year period then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Desoto Parish Fire District No. 8. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Governor's Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Desoto Parish Fire District No. 8, as of December 31, 1997, and the results of its operations for each of the years in the two year period then ended, in conformity with generally accepted accounting principles.

In accordance with *Governor's Auditing Standards*, I have also issued a report dated April 14, 1998 on my consideration of Desoto Parish Fire District No. 8's internal control structure and a report dated April 14, 1998 on its compliance with laws, regulation, contracts, and grants.

West Monroe, Louisiana
April 14, 1998

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LOUISIANA 70094
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**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

DESOTO PARISH FIRE DISTRICT NO. 5
 Mandeville, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, December 31, 1997

	GOVERNMENTAL .. FUND TYPE ACCOUNT GROUPS ..		TOTAL (MINOR AMOUNTS ON BAL.)
	GENERAL FUND	DEBT SERVICE FUND	GENERAL FIXED ASSETS	GENERAL LONG TERM DEBT	
ASSETS AND OTHER DEBITS					
Cash	\$7,308	\$1,488			\$8,796
Investments	12,075	20,398			32,473
Receivables:					
Ad valorem taxes	674,089	66,848			740,937
State revenue sharing	6,878				6,878
Other assets	768				768
Land, buildings, and equipment			\$1,641,620		1,641,620
Amount available in debt service fund				\$87,944	87,944
Amount to be provided for retirement of general long-term debt				777,149	777,149
TOTAL ASSETS AND OTHER DEBITS	\$702,418	\$88,744	\$1,641,620	\$865,093	\$3,297,875
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$2,810				\$2,810
Payroll deductions payable	240				240
Bonds payable				\$380,000	380,000
Capital lease payable				430,093	430,093
Certificates of indebtedness payable				33,000	33,000
Total Liabilities	3,090	NONE	NONE	843,093	880,149
Fund Equity:					
Investment in general fixed assets			\$1,641,620		1,641,620
Fund balance:					
Reserved for debt service		\$87,944			87,944
Unreserved - undesignated	\$689,363				689,363
Total Fund Equity	689,363	87,944	1,641,620	NONE	2,628,924
TOTAL LIABILITIES AND FUND EQUITY	\$702,418	\$88,744	\$1,641,620	\$865,093	\$3,297,875

The accompanying notes are an integral part of this statement.

DEBOTE PARISH FIRE DISTRICT NO. 8
Manfield, Louisiana
GOVERNMENTAL FUND TYPE

Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended December 31, 1997

	<u>GENERAL</u>	<u>DEBT</u> <u>SERVICE</u>	<u>TOTAL</u> <u>MEMORANDUM</u> <u>ONLY</u>
REVENUES			
Ad valorem taxes	\$686,872	\$68,119	\$754,991
Intergovernmental revenues - state funds:			
State revenue sharing	10,314		10,314
Fire insurance rebates	13,713		13,713
Other state grants	488		488
Use of money and property	3,108	2,357	5,465
Other revenues	2,342		2,342
Total revenues	<u>716,439</u>	<u>70,476</u>	<u>786,915</u>
EXPENDITURES			
Public safety:			
Current:			
Personal services	136,862		136,862
Operating services	34,768	212	34,980
Materials and supplies	17,350		17,350
Travel and other	4,738		4,738
Debt service	100,820	67,865	168,685
Capital outlay	429,268		429,268
Total expenditures	<u>764,406</u>	<u>68,077</u>	<u>832,483</u>
EXCESS (Deficiency) OF REVENUES			
OVER EXPENDITURES	<u>(47,967)</u>	<u>1,392</u>	<u>(46,575)</u>
OTHER FINANCING SOURCE			
Increase in capital lease	<u>424,678</u>		<u>424,678</u>
EXCESS OF REVENUES AND OTHER			
SOURCE OVER EXPENDITURES	376,711	1,389	378,100
FUND BALANCE AT BEGINNING OF YEAR	<u>222,649</u>	<u>26,542</u>	<u>249,191</u>
FUND BALANCE AT END OF YEAR	<u>\$600,360</u>	<u>\$27,931</u>	<u>\$628,291</u>

The accompanying notes are an integral part of this statement.

DEBOTE PARISH FIRE DISTRICT NO. 8
Manfield, Louisiana
GOVERNMENTAL FUND TYPE

Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended December 31, 1996

	<u>GENERAL</u>	<u>FIRE</u> <u>SERVICE</u>	<u>TOTAL</u> <u>MEMORANDUM</u> <u>080-0</u>
REVENUES			
Ad valorem taxes	\$313,198	\$69,661	\$382,859
Intergovernmental revenues - state funds:			
State revenue sharing	10,282		10,282
Fire insurance rebate	13,626		13,626
Other state grants	677		677
Use of money and property	3,481	1,541	5,022
Other revenues	3,298		3,298
Total revenues	<u>346,572</u>	<u>71,202</u>	<u>417,774</u>
EXPENDITURES			
Public safety:			
Current:			
Personal services	131,082		131,082
Operating services	58,993	304	59,297
Materials and supplies	17,255		17,255
Travel and other	2,611		2,611
Debt service	101,283	64,431	165,714
Capital outlay	6,772		6,772
Total expenditures	<u>217,696</u>	<u>64,735</u>	<u>282,431</u>
EXCESS OF REVENUES OVER EXPENDITURES	26,900	6,467	33,367
FUND BALANCE AT BEGINNING OF YEAR	<u>295,796</u>	<u>80,128</u>	<u>375,924</u>
FUND BALANCE AT END OF YEAR	<u>322,696</u>	<u>86,595</u>	<u>409,291</u>

The accompanying notes are an integral part of this statement.

DESOOTO PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana
GOVERNMENTAL FUND TYPE -
GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance -
Budget (Cash Basis) and Actual
For the Year Ended December 31, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE PAYABLE (OR) RECEIVABLE</u>
REVENUES			
Ad valorem taxes	\$314,020	\$314,020	
Intergovernmental revenue - state funds:			
State revenue sharing	9,690	9,690	
Fire insurance rebate	15,800	13,715	(2,085)
Other state grants	488	488	
Use of money and property - interest earnings	3,000	3,708	708
Other revenues		3,142	3,142
Total revenues	<u>343,000</u>	<u>343,185</u>	<u>185</u>
EXPENDITURES			
Public safety:			
Current:			
Personal services and related benefits	182,525	157,934	4,599
Operating services	53,000	58,560	(5,560)
Materials and supplies	18,000	17,373	627
Travel and other	5,000	4,848	152
Debt service	100,820	900,820	
Capital outlay	3,655	4,516	(861)
Total expenditures	<u>343,000</u>	<u>341,041</u>	<u>1,959</u>
EXCESS OF REVENUES OVER EXPENDITURES	NONE	2,122	2,122
FUND BALANCE AT BEGINNING OF YEAR	NONE	17,477	17,477
FUND BALANCE AT END OF YEAR	NONE	<u>\$19,599</u>	<u>\$19,599</u>

The accompanying notes are an integral part of this statement.

DESOUD PARISH FIRE DISTRICT NO. 8
 Mansfield, Louisiana
 GOVERNMENTAL FUND TYPE -
 GENERAL FUND

Statement of Revenues, Expenditures,
 and Changes in Fund Balance -
 Budget (Club Basis) and Actual
 For the Year Ended December 31, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE UNFAVORABLE</u>
REVENUES			
Ad valorem taxes	\$308,000	\$308,000	
Intergovernmental revenue - state funds:			
State revenue sharing	10,261	10,881	\$620
Fire insurance rebate	13,628	13,628	
Other state grants	677	677	
Use of money and property - interest earnings	3,788	3,481	(\$307)
Other revenues	3,315	3,297	(\$18)
Total revenues	<u>339,363</u>	<u>340,064</u>	<u>297</u>
EXPENDITURES			
Public safety:			
Current:			
Personal services and related benefits	135,397	138,062	3,338
Operating services	60,580	59,437	1,553
Materials and supplies	17,181	17,088	92
Travel and related	4,500	3,501	1,999
Debt service	100,385	101,338	
Capital outlay	8,798	6,773	2,025
Total expenditures	<u>319,211</u>	<u>317,207</u>	<u>8,684</u>
EXCESS OF REVENUES OVER EXPENDITURES	13,952	22,857	8,904
OTHER FINANCING SOURCE (USE)			
Operating transfer out		(8,000)	(8,000)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USE	\$13,952	\$14,857	\$900
FUND BALANCE AT BEGINNING OF YEAR	NONE	2,624	2,624
FUND BALANCE AT END OF YEAR	<u>\$13,952</u>	<u>\$17,477</u>	<u>\$3,525</u>

The accompanying notes are an integral part of this statement.

DESOLO PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DeSoto Parish Fire District No. 8 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 48:1491 on July 22, 1987. The district is governed by a five member board appointed by the police jury. Board members serve without compensation. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

A. REPORTING ENTITY

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

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

- i. Appointing a voting majority of an organization's governing body,
and
 - a. The ability of the police jury to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

DESOLO PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury created the district, appoints the commissioners of the district, and has the ability to impose its will on the district, the district was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the DeSoto Parish financial reporting entity.

B. FUND ACCOUNTING

The district uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only governmental funds. The governmental fund types of the district are described as follows:

DEBOTO PARISH FIRE DISTRICT NO. 8
Mandeville, Louisiana
Notes to the Financial Statements (Continued)

General Fund

The General Fund is the general operating fund of the district and is used to account for all financial activities not required to be accounted for in other funds. Primary funding is provided by an ad valorem tax approved by voters of the district, state fire insurance rebates, state revenue sharing, and interest earnings on investments.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

**C. FIXED ASSETS AND
LONG-TERM DEBT**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental funds and the related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. Approximately 96 per cent of general fixed assets are valued at actual cost while the remaining 4 per cent are valued at estimated cost, based on the actual historical cost of like items. The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

Long-term debt, such as bonded debt, certificates of indebtedness and capital leases is recognized as a liability of a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All 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 for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

DEBOTO PARISH FIRE DISTRICT NO. 8
Manfield, Louisiana
Notes to the Financial Statements (Continued)

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The district uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Interest income on demand deposits is recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Other Financing Sources

Proceeds from capital leases and the sale of assets are accounted for as other financing sources and are recognized when the underlying events occur.

DESOTO PARISH FIRE DISTRICT NO. 8
Mandeville, Louisiana
Notes to the Financial Statements (Continued)

E. BUDGET PRACTICES

A preliminary budget, prepared on the cash basis of accounting, for the ensuing year is prepared by the board of commissioners and made available to the public. The budget is then adopted during the regular December meeting. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting. The budget is established and controlled by the board of commissioners at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of commissioners. The district does not use encumbrance accounting in its accounting system.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget. The following reconciles the excess of revenues over expenditures as shown on the budget comparison Statements D and E (budget basis) to the same amount shown on Statements B and C (GAAP basis):

	<u>1996</u>	<u>1997</u>
Excess of revenues over expenditures and other uses (Budgetary basis)	\$14,859	\$2,122
Adjustments:		
Receivables	4,512	373,276
Payables	3,929	1,268
Other	<u>1,808</u>	<u>42</u>
Excess of revenues over expenditures and other uses (GAAP basis)	<u>\$26,903</u>	<u>\$279,711</u>

F. CASH

Under state law, the district may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The district may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1997, the district has demand deposits (book balances) totaling \$9,305.

DEBOTO PARISH FIRE DISTRICT NO. 8
Manfield, Louisiana
Notes to the Financial Statements (Continued)

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 held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 1997, are secured as follows:

Bank Balances	<u>\$35,633</u>
Federal deposit insurance	\$35,633
Pledged securities (uncollateralized)	<u>365,234</u>
Total	<u>\$436,499</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the police jury, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C30.106; however, Louisiana Revised Statute 99:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the police jury that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 99:1224 states that securities held by a third party shall be deemed to be held in the police jury's name.

G. INVESTMENTS

Under state law, the district may invest funds in obligations of the United States, in federally insured investments, or in time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. At December 31, 1997, the district had investments in LAMP totaling \$51,471, which is stated at cost and approximates market.

In accordance with GASB Codification 150.165 the investment in LAMP at December 31, 1997, is not categorized in the three risk categories provided by GASB Codification 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets.

MISSOISSIPPI FIRE DISTRICT NO. 8
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by these securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**II. TOTAL COLUMN ON THE
BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

3. LEVIED TAX

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>		<u>Expiration Date</u>
		1996	1997	
District taxes:				
General maintenance	5.00	5.62	5.62	1997
Debt service	variable	1.25	0.55	2003

The difference between authorized and levied millages is the result of assessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

3. CHANGES IN GENERAL FIXED ASSETS

The following presents the changes in general fixed assets for the two years ended December 31, 1997:

DESOUD PARIISH FIRE DISTRICT NO. 8
 Mansfield, Louisiana
 Notes to the Financial Statements (Continued)

	Balance January 1,	Additions	Deletions	Balance December 31,
1996:				
Land	\$17,472			\$17,472
Land improvements	30,797	\$1,249		32,046
Buildings	129,399			129,399
Fire fighting equipment	1,058,202	5,524		1,063,726
Total	<u>\$1,244,870</u>	<u>\$6,773</u>	<u>None</u>	<u>\$1,251,643</u>
1997:				
Land	\$17,472			\$17,472
Land improvements	30,797			30,797
Buildings	129,399			129,399
Fire fighting equipment	1,073,716	\$429,858	(\$519,642)	1,463,932
Total	<u>\$1,251,384</u>	<u>\$429,858</u>	<u>(\$519,642)</u>	<u>\$1,461,600</u>

The beginning equipment balance was reduced by \$14,399 as a result of an inventory conducted by the fire district.

4. PENSION PLANS

Substantially all employees of the district are members of either the Firefighters' Retirement System of Louisiana or the Parochial Employees' Retirement System of Louisiana. The state retirement systems are cost-sharing, multiple-employer, defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

Firefighters' Retirement System

Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3.3 per cent of their final-average salary for each year of creditable service not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary for the 36 consecutive months or joined months which produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

DESOUD PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana
Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94893, Baton Rouge, Louisiana 70804, or by calling (504) 935-6060.

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the DeSoud Fire District No. 8 is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the DeSoud Fire District No. 8 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. DeSoud Fire District No. 8's contributions to the System for the years ending December 31, 1997, 1996, and 1995, were \$8,499, \$4,693, and \$5,438, respectively, equal to the required contributions for each year.

Parochial Employees' Retirement System

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the district is a member of Plan A.

All permanent employees working at least twenty-eight hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one per cent of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3 per cent of final average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70806-0619, or by calling (504) 938-1361.

DEBOTO PARISH FIRE DISTRICT NO. 8
Mandeville, Louisiana
Notes to the Financial Statements (Continued)

Under Plan A, members are required by state statute to contribute 9.50 per cent of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 7.75 per cent of annual covered payroll. Contributions to the system also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The district's contributions to the System under Plan A for the years ending December 31, 1997, 1996, and 1995, were \$1,930, \$1,655, and \$1,543, respectively, equal to the required contributions for each year.

5. CAPITAL LEASES

The district records items under capital leases as an asset and an obligation in the accompanying financial statements. Capital leases at December 31, 1997, are comprised of the following:

Lease-purchase agreement for the purchase of a 1989 Ford C100 fire truck entered into on February 11, 1989, due in 12 annual installments of \$16,435 through February, 1998, with an interest rate of 8.9 per cent per annum. Lease payments are made from the General Fund.

Lease-purchase agreement for the purchase of a 1993 GMC fire truck entered into on November 12, 1993, due in 5 annual installments of \$15,737 through January, 1998, with an interest rate of 6.25 per cent per annum. Lease payments are made from the General Fund.

Lease-purchase agreement for the purchase of a 1987 Ford C100 fire truck entered into on June 30, 1993, due in 3 annual installments of \$12,978 through February, 1996, with an interest rate of 5.5 per cent per annum. Lease payments are made from the General Fund.

Lease-purchase agreement for the purchase of two fire trucks entered into on September 13, 1997, due in 5 annual installments of \$99,859 through September 2002, with an interest rate of 4.93 per cent per annum. Lease payments are made from the General Fund.

MISSISSIPPI PARISH FIRE DISTRICT NO. 8
 Mansfield, Louisiana
 Notes to the Financial Statements (Continued)

6. CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of long term debt transactions for the two years ended December 31, 1997:

	Certificate of Indebtedness	Capital Lease	Bonded Debt	Total
Long-term debt payable at January 1, 1996	\$176,000	\$00,487	\$435,000	\$611,487
For the year ended December 31, 1996:				
Increases				502ME
Decreases	(48,000)	(36,658)	(23,000)	(1,20,658)
For the year ended December 31, 1997:				
Increases		424,678		424,678
Decreases	<u>(52,000)</u>	<u>(38,514)</u>	<u>(40,000)</u>	<u>(130,514)</u>
Long-term debt payable at December 31, 1997	<u>\$55,000</u>	<u>\$450,093</u>	<u>\$340,000</u>	<u>\$845,093</u>

Certificates of indebtedness payable at December 31, 1997 are comprised of the following:

Certificates issued April 23, 1992, for the purpose of equipping, maintaining, and operating the fire district. One annual installment of \$55,000 is due March 1, 1998. The annual interest rate is 7 per cent.

The general obligation bonds payable at December 31, 1997 were issued December 1, 1992. Annual installments of \$40,000 to \$65,000 are due through June 1, 2004 with interest at 6.80 per cent to 7.25 per cent. Debt retirement payments are made from the Debt Service Fund.

The annual requirements to amortize all general long-term obligations outstanding at December 31, 1997, including interest of \$176,963, are as follows:

DEBOTO PARISH FIRE DISTRICT NO. 8
Manfield, Louisiana
Notes to the Financial Statements (Continued)

<u>Year</u>	<u>Certificates of Indebtedness</u>	<u>Capital Leases</u>	<u>Bonded Debt</u>	<u>Total</u>
1998	\$56,925	\$127,272	\$64,150	\$248,347
1999		99,899	66,217	166,116
2000		99,899	63,090	162,989
2001		99,899	64,740	164,639
2002		99,899	63,999	163,898
2003-2004			134,238	134,238
Total	\$56,925	\$516,768	\$458,415	\$1,032,108

7. LITIGATION AND CLAIMS

The district is not involved in any litigation at December 31, 1997, nor is it aware of any unasserted claims.

8. RESTATEMENT OF FUND BALANCES

The December 31, 1995, fund balances of the General Fund and the Debt Service Fund have been restated to reflect a correction of interfund receivables and payables in the prior year. The following provides detail on those corrections.

	<u>General Fund</u>	<u>Debt Service Fund</u>
Fund balances at December 31, 1995, as previously reported	\$503,746	\$71,078
Adjustments - interfund receivables and payables	(8,000)	8,000
Fund balances at December 31, 1995, as restated	<u>\$495,746</u>	<u>\$79,078</u>

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

The following independent auditor's reports on compliance with laws, regulations, contracts and grants, and on internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**Independent Auditor's Report on
Compliance With Laws, Regulations, Contracts, and Grants**

**MEMBER ORGANIZATION
OFFICERS OF GOVERNMENT
PUBLIC ACCOUNTANTS**

**SOCIETY OF LOUISIANA
CERTIFIED PUBLIC
ACCOUNTANTS**

**PROFESSION LICENSED BY
GOVERNMENTAL
ACCOUNTING, AUDITING,
AND FINANCIAL SERVICES**

**BOARD OF COMMISSIONERS
DESOLO PARISH FIRE DISTRICT NO. 8
Manville, Louisiana**

I have audited the general purpose financial statements of the DeSoto Parish Fire District No. 8, a component unit of the DeSoto Parish Police Jury, as of December 31, 1997, and for each of the years in the two year period then ended, and have issued my report thereon dated April 14, 1998.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the DeSoto Parish Fire District No. 8 is the responsibility of the fire district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the DeSoto Parish Fire District No. 8's compliance with certain provisions of laws, regulations, contracts, and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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FAX 337-285-2122**

BOARD OF COMMISSIONERS
DEBOTE PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana
Independent Auditor's Report
on Compliance, etc.,
December 31, 1997

This report is intended for the information of the board of commissioners of the DeBote Parish Fire District No. 8 and management of the district. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
April 14, 1998



**Independent Auditor's Report
on the Internal Control Structure**

VERNON COON
MEMBER ACCOUNTANT
LICENSED BY THE BOARD OF ACCOUNTANCY
PUBLIC ACCOUNTANTS

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MEMBER ACCOUNTANT
LICENSED BY THE BOARD OF ACCOUNTANCY
PUBLIC ACCOUNTANTS

VERNON COON
MEMBER ACCOUNTANT
LICENSED BY THE BOARD OF ACCOUNTANCY
PUBLIC ACCOUNTANTS

**BOARD OF COMMISSIONERS
DESOOTO PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana**

I have audited the general purpose financial statements of the Desoto Parish Fire District No. 8, a component unit of the Desoto Parish Police Jury, as of December 31, 1997, and for each of the years in the two year period then ended, and have issued my report thereon dated April 14, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Desoto Parish Fire District No. 8 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of the Desoto Parish Fire District No. 8 for the two years ended December 31, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control

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BOARD OF COMMISSIONERS
DESOLO PARISH FIRE DISTRICT NO. 8
Mansfield, Louisiana

Independent Auditor's Report
on Internal Control, etc.,
December 31, 1997

risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I considered to be material weaknesses as defined above.

This report is intended for the information of the board of commissioners of the Desoto Parish Fire District No. 8 and management of the district. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana
April 14, 1998