

8567

RECEIVED  
LEGISLATIVE AUDITOR  
04 JUN 25 AM 11:11

DESOTO PARISH FIRE DISTRICT NO. 8

MANSFIELD, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-11-04

Marsha O. Millican  
Certified Public Accountant  
Shreveport, Louisiana

DESOTO PARISH FIRE DISTRICT NO. 8

Financial Statements  
December 31, 2003

Table of Contents

	<u>PAGE</u>
Independent Auditor's Report	1
Component Unit Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	2
Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types	3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Cash Basis) and Actual - General Fund	4
Notes to Financial Statements	5-10
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	11-12
Schedule of Findings and Questioned Costs	13
Data Collection Form	14

# **Marsha O. Millican**

CERTIFIED PUBLIC ACCOUNTANT

## Independent Auditor's Report

Board of Commissioners  
DeSoto Parish Fire District No. 8  
Mansfield, Louisiana

I have audited the accompanying component unit financial statements of DeSoto Parish Fire District No. 8, a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2003. These component unit financial statements are the responsibility of DeSoto Parish Fire District No. 8. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of DeSoto Parish Fire District No. 8, as of December 31, 2003, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated June 4, 2004, on my consideration of DeSoto Parish Fire District No. 8's internal control structure and its compliance with laws and regulations.

*Marsha O. Millican*

Certified Public Accountant  
June 4, 2004

DESOTO PARISH FIRE DISTRICT NO. 8

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 2003

	GOVERNMENTAL FUND TYPE				ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
	DEBT		GENERAL		GENERAL	LONG-TERM	
	GENERAL FUND	SERVICE FUND	GENERAL ASSETS	FIXED	DEBT	DEBT	
<u>Assets</u>							
Cash	\$ 25,588	\$ 5,222	\$ -	\$ -	-	-	\$ 30,810
Ad valorem taxes receivable	657,552	61,821	-	-	-	-	719,373
Investments	48,315	34,706	-	-	-	-	83,021
Other Assets	760	-	-	-	-	-	760
Land, buildings, and equipment	-	-	2,747,522	-	-	-	2,747,522
Amount available in debt service	-	-	-	-	101,749	-	101,749
Amount to be provided for retirement of general long-term debt	-	-	-	-	244,859	-	244,859
<b>Total assets</b>	<b>\$ 732,215</b>	<b>\$ 101,749</b>	<b>\$ 2,747,522</b>	<b>\$ 346,608</b>	<b>\$ 346,608</b>	<b>\$ 3,928,094</b>	
<u>Liabilities</u>							
Accounts payable	\$ 3,548	-	-	-	-	-	\$ 3,548
Bonds payable	-	-	-	65,000	-	-	65,000
Capital lease payable	-	-	-	65,608	-	-	65,608
Certificates of indebtedness	-	-	-	216,000	-	-	216,000
<b>Total liabilities</b>	<b>3,548</b>	<b>-</b>	<b>-</b>	<b>346,608</b>	<b>-</b>	<b>-</b>	<b>350,156</b>
<u>Fund Equity</u>							
Investment in general fixed assets	-	-	2,747,522	-	-	-	2,747,522
Fund Balance:							
Reserved for debt service	-	-	-	-	-	-	-
Undesignated	728,667	101,749	-	-	-	-	830,416
<b>Total fund equity</b>	<b>728,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,577,938</b>
<b>Total liabilities and fund equity</b>	<b>\$ 732,215</b>	<b>\$ 101,749</b>	<b>\$ 2,747,522</b>	<b>\$ 346,608</b>	<b>\$ 346,608</b>	<b>\$ 3,928,094</b>	

See accompanying notes to financial statements.

DESOTO PARISH FIRE DISTRICT NO. 8

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - All Government Fund Types  
Year Ended December 31, 2003

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Revenues:			
Ad valorem taxes	\$ 685,437	\$ 64,445	\$ 749,882
Intergovernmental	27,708	-	27,708
Interest	3,397	968	4,365
Miscellaneous	18,762	-	18,762
Total revenues	<u>735,304</u>	<u>65,413</u>	<u>800,717</u>
Expenditures:			
Current:			
Personal services	430,832	-	430,832
Operating services	105,943	357	106,300
Materials and supplies	49,940	-	49,940
Travel and other	5,524	-	5,524
Debt service	117,446	67,230	184,676
Total expenditures	<u>709,685</u>	<u>67,587</u>	<u>777,272</u>
Excess of revenues over expenditures	25,619	( 2,174)	23,445
Fund balance, beginning of year	<u>703,048</u>	<u>103,923</u>	<u>806,971</u>
Fund balance, end of year	<u>\$ 728,667</u>	<u>\$ 101,749</u>	<u>\$ 830,416</u>

See accompanying notes to financial statements.

DESOTO PARISH FIRE DISTRICT NO. 8

Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget (Cash Basis) and Actual  
General Fund  
Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ 691,086	\$ 685,437	\$( 5,649)
Intergovernmental	10,666	27,708	17,042
Interest	6,300	3,397	( 2,903)
Miscellaneous	<u>33,000</u>	<u>18,762</u>	<u>( 14,238)</u>
Total revenues	<u>741,052</u>	<u>735,304</u>	<u>( 5,748)</u>
Expenditures:			
Current:			
Personal services	461,500	430,832	30,668
Operating services	100,000	105,943	( 5,943)
Materials and supplies	52,000	49,940	2,060
Travel and other	8,800	5,524	3,276
Debt service	<u>117,446</u>	<u>117,446</u>	<u>-</u>
Total expenditures	<u>739,746</u>	<u>709,685</u>	<u>30,061</u>
Excess of revenues over expenditures	1,306	25,619	24,313
Fund balance, beginning of year	<u>703,048</u>	<u>703,048</u>	<u>-</u>
Fund balance, end of year	<u>\$ 704,354</u>	<u>\$ 728,667</u>	<u>\$ 24,313</u>

See accompanying notes to financial statements.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements  
December 31, 2003

DeSoto Parish Fire District No.8 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 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. The District is a component unit of the DeSoto Parish Police Jury.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of DeSoto Parish Fire District No.8, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The following is a summary of the more significant accounting policies:

Fund Accounting. The accounts of the District, are organized on the basis of 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. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental funds are used to account for all or most of a government's general activities and the acquisition or construction of general fixed-assets (capital projects funds). The general fund is used to account for all activities of the general government not accounted for in some other 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 another fund.

(Continued)



DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements  
December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Accounting. The accounting and 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 of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by 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 government considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

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 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 97 per cent of general fixed assets are valued at actual costs, while the remaining 3 per cent are valued at estimated cost, based on the actual 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 or a governmental fund only when due. The remaining portion of such debt is reported in the general long-term debt account group.



DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements  
December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Budgets and Budgetary Accounting. 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 re-appropriated 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 system.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the financial statements included in the financial statements include the original adopted budget and subsequent amendments.

Risk Management. The District is exposed to various risk of loss related to torts' theft of, damage to, and destruction of assets' and injuries to employees. To handle such risk of loss, the fire district maintains a commercial insurance policy covering property, employee liability, and public officials liability. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2003.

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. The data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data a consolidation.

2. CASH:

At December 31, 2003, all cash balances were collateralized by FDIC insurance.

(Continued)

DESOTO PARISH FIRE DISTRICT NO 8

Notes to Financial Statements

December 31, 2003

3. PER DIEM PAID TO COMMISSIONERS:

No per diem was paid to commissioners for the year ended December 31, 2003.

4. TAXES RECEIVABLE:

Ad valorem taxes are collected by the DeSoto Parish Sheriff and remitted to the District on a monthly basis. For the year ended December 31, 2003, taxes of 6.34 mills were levied with .55 mills are dedicated to bond retirement and 5.79 mills are dedicated for general maintenance.

5. INVESTMENTS:

Investments consist of funds invested in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the law of State of Louisiana. LAMP accepts deposits from public entities. Upon the making of an investment, a public entity becomes a member of LAMP, Inc. similar to a corporate shareholder, and maintains certain rights with respect to the governance of the corporation.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality vehicles for investment. The LAMP portfolio includes only securities and obligations in which local governments in Louisiana are authorized to invest. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U. S. government, or one of its agencies. The dollar weighted average portfolio 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 balances.

At December 31, 2003, funds on deposit with LAMP (at cost) totaled \$83,021.

(Continued)

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements  
December 31, 2003

6. FIXED ASSETS:

A summary of changes in general fixed assets follows:

	Balance Jan. 1, <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, <u>2003</u>
Land	\$ 39,472	\$ -	\$ -	\$ 39,472
Land improvements	34,462	-	-	34,462
Buildings	617,212	-	-	617,212
Fire fighting equipment	<u>2,056,376</u>	-	-	<u>2,056,376</u>
Total fixed assets	<u>\$2,747,522</u>	\$ -	\$ -	<u>\$ 2,747,522</u>

7. LONG-TERM DEBT:

The following is a summary of debt transactions of DeSoto Parish Fire District No. 8 for the year ended December 31, 2003:

	Certificates of <u>Indebtedness</u>	<u>Capital Leases</u>	<u>Bonded Debt</u>
Balance, January 1, 2003	\$ 280,000	\$ 107,614	\$ 125,000
Principal payments	<u>( 64,000)</u>	<u>( 34,006)</u>	<u>( 60,000)</u>
Balance, December 31, 2003	<u>\$ 216,000</u>	<u>\$ 65,608</u>	<u>\$ 65,000</u>

Long term debt at December 31, 2003 are comprised of the following:

Lease purchase agreement:

Agreement for the purchase of two fire trucks entered into on September 23, 1998, due in 7 installments of \$49,806 through November, 2005, with an interest rate of 4.41%. \$ 65,608

Bonded Debt:

General obligation bonds issued December 1, 1989; due in annual installments of \$40,000 to \$65,000 due through June 1, 2001 with interest at 6.90% to 7.25%. \$ 65,000

(Continued)

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December, 31, 2003

7. LONG-TERM DEBT: (CONTINUED)

Certificates of indebtedness:

Certificates issued July 1, 1998 for the purpose of acquiring, constructing, and improving fire protection facilities and equipment for the fire district. Annual installments of \$47,000 to \$76,000 are due through March 1, 2006 with interest at 4.5%.

\$ 216,000

The annual requirements to amortize all long-term debt outstanding as of December 31, 2003, including interest payments of \$ 31,736 are as follows:

<u>Year Ending December 31</u>	<u>Total</u>
2004	183,789
2005	116,845
2006	<u>77,710</u>
Totals	<u>\$ 378,344</u>

8. RETIREMENT PLAN:

The District participates in the Firefighter's Retirement System of Louisiana. Under this System, eligible employees contribute 8% of their wages and the District contributes amounts ranging from 9% to 21% of eligible wages. The District's contributions under this plan for the year ended December 31, 2003 were \$52,544 based on eligible salaries of \$288,663.

The District also participates in the Parochial Employees Retirement System. Under this System, eligible employees contribute 9.5% of their wages and the District contributes 7.75% of eligible wages. District contributions under this plan for the year ended December 31, 2003 were \$1,860 based on eligible salaries of \$ 24,005.

# **Marsha O. Millican**

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
DeSoto Parish Fire District No. 8  
Mansfield, Louisiana

I have audited the accompanying component unit financial statements of DeSoto Parish Fire District No. 8 as of and for the year ended December 31, 2003, and have issued my report thereon dated June 4, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of American, and Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether DeSoto Parish Fire District No. 8's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered DeSoto Parish Fire District No. 8's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect DeSoto Parish Fire District No. 8's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as finding #1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Masha O. Melrose*

Certified Public Accountant  
June 4, 2004



DESOTO PARISH FIRE DISTRICT NO. 8

Schedule of Findings and Questioned Costs

December 31, 2003

Finding # 1:

Condition: The segregation of duties is inadequate to provide effective internal control.

Criteria: Employees perform related accounting functions.

Effect of Condition: The condition results in a weakness in internal control.

Cause: The cause is economic and space limitations.

Recommendation: No action is recommended.

Management's Corrective Action Plan: We agree with the finding. Action will be taken as economic and space limitations decrease.

Questioned Costs:

There were no questioned costs for the year ended December 31, 2003.