

**DESOTO PARISH FIRE DISTRICT NO. 3**  
**Stonewall, Louisiana**

**General Purpose Financial Statements**  
**With Independent Auditors' Report**  
**As of and for the Year Ended**  
**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.

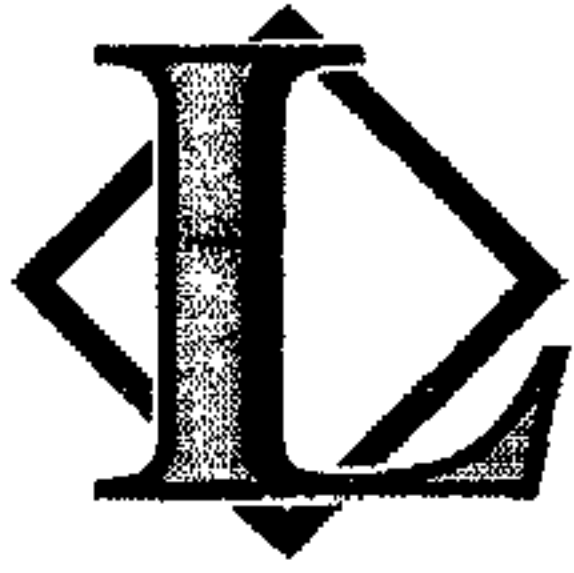
Release Date 8-4-04

DESOTO PARISH FIRE DISTRICT NO. 3  
Stonewall, Louisiana

General Purpose Financial Statements  
With Independent Auditors' Report  
As of and for the Year Ended  
December 31, 2003

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# LITTLE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

BOARD OF COMMISSIONERS  
DESOTO PARISH FIRE DISTRICT NO. 3  
Stonewall, Louisiana

We have audited the general purpose financial statements of the DeSoto Parish Fire District No. 3, as of December 31, 2003, and for the year 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. 3. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our 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. 3, as of December 31, 2003, and the results of its operations for the year then ended, in conformity with U.S. generally accepted accounting principles.

BOARD OF COMMISSIONERS  
DESOTO PARISH FIRE DISTRICT NO. 3  
Stonewall, Louisiana  
Independent Auditors' Report,  
December 31, 2003

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2004, on DeSoto Parish Fire District No. 3's compliance with laws, regulations, and contracts, and our consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Little & Associates*

Monroe, Louisiana  
June 24, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(OVERVIEW)**

DESOTO PARISH FIRE DISTRICT NO. 3  
Stonewall, Louisiana  
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet  
December 31, 2003

	GOVERNMENTAL FUND TYPE - GENERAL FUND	...ACCOUNT GROUPS...		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG- TERM DEBT	
<b>ASSETS</b>				
Cash and cash equivalents	\$38,721			\$38,721
Receivables - property assessments	227,810			227,810
Land, buildings, and equipment		\$1,011,605		1,011,605
Amount to be provided for retirement of general long-term debt			\$171,340	171,340
<b>TOTAL ASSETS</b>	<u>\$266,531</u>	<u>\$1,011,605</u>	<u>\$171,340</u>	<u>\$1,449,476</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$1,380			\$1,380
Payroll liabilities payable	253			253
Capital leases payable			\$171,340	171,340
<b>Total liabilities</b>	<u>1,633</u>	<u>NONE</u>	<u>171,340</u>	<u>172,973</u>
Fund Equity:				
Investment in general fixed assets		1,011,605		1,011,605
Fund balance - unreserved - undesignated	264,898			264,898
<b>Total Fund Equity</b>	<u>264,898</u>	<u>1,011,605</u>	<u>NONE</u>	<u>1,276,503</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$266,531</u>	<u>\$1,011,605</u>	<u>\$171,340</u>	<u>\$1,449,476</u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 3  
Stonewall, Louisiana  
GOVERNMENTAL FUND TYPE

Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended December 31, 2003

**REVENUES**

## Intergovernmental - state funds:

Fire insurance rebate	\$12,910
Fire protection service charge	170,927
Use of money and property - interest earnings	425
Other revenues	4,097
Total revenues	<u>188,359</u>

**EXPENDITURES**

## Public safety:

## Current:

Personal services and related benefits	18,357
Operating services	55,709
Materials and supplies	7,344
Travel and other charges	2,484
Capital outlay	217,725
Debt service	49,053
Total expenditures	<u>350,672</u>

**EXCESS OF REVENUES  
OVER EXPENDITURES**

(162,313)

**OTHER FINANCING SOURCES**

Sale of Assets	2,000
Proceeds from lease	171,340
Total other financing sources	<u>173,340</u>

**EXCESS OF REVENUES AND OTHER  
SOURCES OVER EXPENDITURES**

11,027**FUND BALANCE AT BEGINNING OF YEAR**253,871**FUND BALANCE AT END OF YEAR**\$264,898

The accompanying notes are an integral part of this statement.

## Statement C

**DESOTO PARISH FIRE DISTRICT NO.3**  
**Stonewall, Louisiana**  
**GOVERNMENTAL FUND TYPE**

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

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Intergovernmental revenue - state funds:			
Fire insurance rebate	\$9,000	\$12,910	\$3,910
Fire protection service charge	141,000	151,756	10,756
Use of money and property - interest earnings		425	425
Other revenues		4,097	4,097
Total revenues	<u>150,000</u>	<u>169,188</u>	<u>19,188</u>
<b>EXPENDITURES</b>			
Public Safety:			
Current:			
Personal services and related benefits	23,100	19,407	3,693
Operating services	94,600	57,558	37,042
Materials and supplies	7,000	8,761	(1,761)
Travel and other charges	5,300	2,164	3,136
Capital outlay	5,000	46,385	(41,385)
Debt service	40,000	49,053	(9,053)
Total expenditures	<u>175,000</u>	<u>183,328</u>	<u>(8,328)</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(25,000)</u>	<u>(14,140)</u>	<u>10,860</u>
<b>OTHER FINANCING SOURCE</b>			
Sale of Assets		2,000	2,000
<b>EXCESS OF REVENUES AND OTHER SOURCE OVER EXPENDITURES</b>	<u>(25,000)</u>	<u>(12,140)</u>	<u>12,860</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>50,293</u>	<u>50,293</u>	
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$25,293</u>	<u>\$38,153</u>	<u>\$12,860</u>

The accompanying notes are an integral part of this statement.



DESOTO PARISH FIRE DISTRICT NO. 3  
Stonewall, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

DeSoto Parish Fire District No. 3 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.

**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:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury 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 police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

DESOTO PARISH FIRE DISTRICT NO.3  
Stonewall, Louisiana  
Notes to the Financial Statements (Continued)

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 only the use of governmental funds (General Fund). Annual property assessments approved by voters of the district and interest earnings on investments are accounted for in this fund. General operating expenditures are paid from the fund.

**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. Approximately 95 per cent of general fixed assets are valued at actual cost while the remaining 5 per cent are valued at estimated cost, based on the actual historical cost of like items. No depreciation has been provided on general fixed assets. 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 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.

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**

Property assessments are recognized in the year in which the assessments are due.

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

DESOTO PARISH FIRE DISTRICT NO.3  
 Stonewall, Louisiana  
 Notes to the Financial Statements (Continued)

Based on the above criteria, property assessments 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.

**E. BUDGET PRACTICES**

A preliminary budget 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 cash 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 employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. The following schedule reconciles the excess of revenues and other source over expenditures and other uses as shown on the budget comparison Statement C (Cash Basis) to the same amounts shown on Statement B (GAAP basis):

Excess of revenues and other source over expenditures and other use (Cash Basis)	(\$12,140)
Adjustments:	
Receivables	19,171
Payables	3,968
Payroll liabilities	<u>28</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u><u>\$11,027</u></u>

DESOTO PARISH FIRE DISTRICT NO.3  
Stonewall, Louisiana  
Notes to the Financial Statements (Continued)

**F. CASH AND CASH EQUIVALENTS**

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, 2003, the district has cash and cash equivalents (book balances) totaling \$38,721 follows:

Demand deposits	\$10,977
Time deposits	<u>27,744</u>
Total	<u>\$38,721</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. Deposit balances (bank balances) at December 31, 2003, total \$39,164 and are fully secured by federal deposit insurance.

**G. VACATION AND SICK LEAVE**

Employees are granted from 1 to 3 weeks of vacation per year depending on length of service. In addition, employees are granted 12 days of sick leave each year. Sick leave may be accumulated to a maximum of 25 days. At December 31, 2003, there are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken.

**H. RISK MANAGEMENT**

The fire district is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the fire district maintains commercial insurance policies covering

DESOTO PARISH FIRE DISTRICT NO.3  
 Stonewall, Louisiana  
 Notes to the Financial Statements (Continued)

property, general liability, employee dishonesty, and workers compensation insurance. 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.

**I. 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 U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CHANGES IN GENERAL FIXED ASSETS**

The following presents the changes in general fixed assets for the year ended December 31, 2003:

	<u>Balance</u> <u>January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u>
Land and buildings	\$136,412			\$136,412
Building Improvements		\$44,093		44,093
Equipment	692,468	173,632	(\$35,000)	831,100
Total	<u>\$828,880</u>	<u>\$217,725</u>	<u>(\$35,000)</u>	<u>\$1,011,605</u>

**3. CHANGES IN GENERAL LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended December 31, 2003:

Lease payable at January 1, 2003	\$46,349
Additions	171,340
Reductions	<u>(46,349)</u>
Lease payable at December 31, 2003	<u>\$171,340</u>

DESOTO PARISH FIRE DISTRICT NO.3  
 Stonewall, Louisiana  
 Notes to the Financial Statements (Continued)

The district records items under capital leases as an asset and an obligation in the accompanying financial statements. Capital leases at December 31, 2003, are comprised of the following:

Lease-purchase agreement for the purchase of a 1992 GMC truck and 1987 FEMO truck entered into on September 16, 2003, due in 4 annual installments of \$47,224 through September 16, 2007. Four lease payments remain to be paid out through 2007 which includes \$171,340 in principal and \$17,556 in interest. Lease payments are made from the General Fund.

The following is a summary of future minimum lease payments, together with the present value of the net minimum lease payments, as of December 31, 2003:

Total minimum lease payments	\$188,896
Less - amount representing interest	<u>(17,556)</u>
Present value of net minimum lease payments	<u>\$171,340</u>

At December 31, 2003, the future minimum lease payments are summarized as follows:

<u>Year</u>	<u>Amount</u>
2004	\$47,224
2005	\$47,224
2006	\$47,224
2007	\$47,224

**4. PENSION SYSTEM**

The district has one full-time employee who participates in the social security system. The employee contributes 7.65% of her total salary to social security (FICA and Medicare) which is matched by employer contributions. For the year ended December 31, 2003, employer contributions were \$1,227. Total salaries paid for 2003 were \$16,045. The district does not guarantee the benefits granted by the Social Security System.

DESOTO PARISH FIRE DISTRICT NO.3  
Stonewall, Louisiana  
Notes to the Financial Statements (Continued)

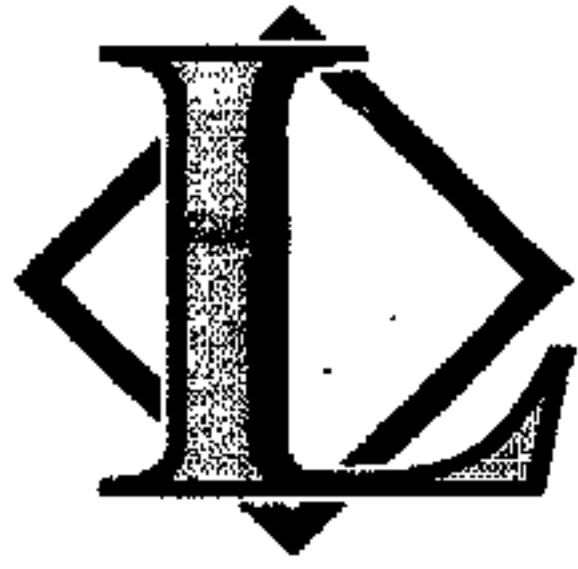
**5. LITIGATION AND CLAIMS**

The district is not involved in any litigation at December 31, 2003, nor is it aware of any unasserted claims.



**Independent Auditors' Report Required  
by *Government Auditing Standards***

The following independent auditors' report on compliance with laws and regulations and internal control over financial reporting is 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.



# **LITTLE & ASSOCIATES**

CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting**

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**BOARD OF COMMISSIONERS  
DESOTO PARISH FIRE DISTRICT NO. 3  
Stonewall, Louisiana**

We have audited the general purpose financial statements of the DeSoto Parish Fire District No. 3 as of and for the year ended December 31, 2003 ended and have issued our report thereon dated June 24, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the DeSoto Parish Fire District No.3's financial statements are free of material misstatement, we 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 amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the DeSoto Parish Fire District No.3's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

BOARD OF COMMISSIONERS  
DESOTO PARISH FIRE DISTRICT NO.3  
Stonewall, Louisiana  
Independent Auditors' Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
December 31, 2003

This report is intended solely for the information and use of the DeSoto Parish Fire District No.3, management of the district's office, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Little & Associates*

Monroe, Louisiana  
June 24, 2004

DESOTO PARISH FIRE DISTRICT NO.3  
Stonewall, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2003

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of DeSoto Parish Fire District No.3.
2. No instances of noncompliance material to the financial statements of DeSoto Parish Fire District No.3 were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

DESOTO PARISH FIRE DISTRICT NO.3  
Stonewall, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2003

There were no audit findings reported in the audit for the year ended December 31, 2002.