

**DESOTO PARISH FIRE PROTECTION
DISTRICT NO. 1
Logansport, Louisiana**

FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2006

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 7-18-07

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DESOTO PARISH FIRE PROTECTION DISTRICT NO.1
Logansport, Louisiana
FINANCIAL REPORT
As of and for the Year Ended December 31, 2006

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Independent Accountant's Report

Board of Commissioners
DeSoto Parish Fire Protection District No. 1
Logansport, Louisiana

I have reviewed the accompanying financial statements of the governmental activities of the DeSoto Parish Fire Protection District No. 1, a component of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2006, which collectively comprise the DeSoto Parish Fire Protection District No. 1's basic financial statements as listed in the table of contents in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the responsibility of the DeSoto Parish Fire Protection District No. 1's management.

A review consists principally of inquires of personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements of the DeSoto Parish Fire Protection District No. 1 for the year ended December 31, 2006, in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, on pages 4, 5, and 25 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report, dated June 8, 2007, on the results of our agreed-upon procedures.

Deborah D. Dees, CPA

Mansfield, Louisiana
June 8, 2007

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

December 31, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the DeSoto Parish Fire Protection District No. 1's (Fire District) annual financial report presents our discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2006. Please read it in conjunction with the Fire District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

The Fire District was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Fire Protection District No. 1.

A Summary of Statement of Net Assets is as follows:

	Governmental Activities 2006	Governmental Activities 2005
ASSETS		
Current and other assets	\$ 411,132	\$ 279,467
Capital assets, net of accumulated depreciation	1,335,378	1,481,917
Total assets	<u>\$ 1,746,510</u>	<u>\$ 1,761,384</u>
LIABILITIES		
Current liabilities	\$ 1,863	\$ 519
Long-term liabilities	122,673	164,543
Total liabilities	<u>\$ 124,536</u>	<u>\$ 165,062</u>
NET ASSETS		
Investments in capital assets, net of related debt	\$ 1,212,705	\$ 1,317,374
Unrestricted	409,269	278,948
Total net assets	<u>\$ 1,621,974</u>	<u>\$ 1,596,322</u>

The Fire District's assets exceeded its liabilities by \$ 1,621,974 (net assets) for the year.

Unrestricted net assets of \$409,269 represent the portion available to maintain the Fire District's obligation to both citizens and creditors.

DESOTO FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana
December 31, 2006

A Summary of Statement of Activities is as follows:

	Governmental Activities	
	2006	2005
Program Revenues:		
Contributions	29,380	34,063
General Revenues:		
Ad Valorem Taxes	257,880	235,711
Intergovernmental revenues	15,533	12,597
Interest income	6,880	1,895
Other Revenue	3,419	6,328
Total revenues	<u>313,092</u>	<u>290,594</u>
Expenses		
Public Safety	278,674	292,913
Interest on Debt	8,766	12,210
Total expenses	<u>287,440</u>	<u>305,123</u>
Increases in net assets	<u>\$ 25,652</u>	<u>\$ (14,529)</u>

Net assets increased by \$25,652 or 2% from last year. The District's revenues increased by \$22,498 or 7% while expenses decreased by \$17,683 or 6% during the year ended December 31, 2006.

General Fund Budgetary Highlights

The Fire District adopted a budget for its General Fund for the year ended December 31, 2006. There were no amendments to the budget during the year. Total budgeted expenditures in the final budget were \$143,608 less than the original budget. This large difference is due to a fire truck that had been budgeted for purchase in 2006 that was not. This caused a \$149,095 difference in the budgeted capital outlays amount (\$165,000) and actual spent (\$15,908).

Debt Administration

Debt of the District decreased \$41,890 in 2006.

Capital Assets

The District acquired \$15,905 in capital assets in 2006. A storage building, lawn mower and pickup truck were purchased.

Economic Factors and Next Year's Budget

The primary revenue source for the Fire District is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident. The budget for FY 2007 should not change significantly from the FY 2006 budget.

Contacting the Fire District

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Fire Protection District No. 1 and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jack Canton, Fire Chief, at P. O. Box 430, Logansport, Louisiana, 71049.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**Logansport, Louisiana****STATEMENT OF NET ASSETS**

December 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 112,985
Ad Valorem Taxes receivable	279,927
Rent receivable	1,168
Prepaid Insurance	17,052
Capital assets, net of depreciation	<u>1,335,378</u>
TOTAL ASSETS	\$ 1,746,510
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 1,751
Payroll taxes payable	112
Capital leases payable, due within one year	<u>44,285</u>
Total Current Liabilities	46,148
Long-term liabilities:	
Capital leases payable	<u>78,388</u>
Total Long-term Liabilities	78,388
TOTAL LIABILITIES	\$ 124,536
NET ASSETS	
Invested in capital assets, net of related debt	\$ 1,212,705
Unrestricted	<u>409,269</u>
TOTAL NET ASSETS	\$ 1,621,974

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana
STATEMENT OF ACTIVITIES
For Year Ended December 31, 2006

Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Public Safety- Fire	\$ 278,674	\$ 0	\$ 0	\$ 29,380	\$ (249,294)
Interest on debt	8,766				(8,766)
Total Governmental Activities	\$ 287,440	\$ 0	\$ 0	\$ 29,380	(258,060)
General Revenues:					
Ad Valorem Taxes					257,880
State Revenue Sharing					3,612
Interest Earnings					6,880
Fire Insurance Rebate					11,921
Other Revenue					3,419
Total General Revenues					283,712
Change in Net Assets					
25,652					
Net Assets Beginning					
1,596,322					
Net Assets Ending					
\$ 1,621,974					

FUND FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana

BALANCE SHEET, GOVERNMENTAL FUNDS

December 31, 2006

	GENERAL FUND
ASSETS	
Cash and cash equivalents	\$ 112,985
Ad valorem taxes receivable, net of allowance	279,927
Rent receivable	1,168
Prepaid insurance	17,052
	<u>411,132</u>
TOTAL ASSETS	\$ 411,132
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 1,751
Payroll taxes payable	112
Deferred ad valorem taxes	29,101
Current portion of long-term debt	44,285
Total Liabilities	75,249
Fund Balances:	
Unreserved	335,883
Total Fund Balance	335,883
TOTAL LIABILITIES AND FUND BALANCES	\$ 411,132

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

December 31, 2006

Total Net Assets reported for Governmental Activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds, Statement C	335,883
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds	1,335,378
Certain deferred revenues are reported in the governmental funds but not in the Statement of Net Assets	29,101
Long-term liabilities, including long-term compensated absences, are not due and payable in the current period and therefore are not reported in the funds	<u>(78,388)</u>
Net Assets of Governmental Activities, Statement A	<u>\$ 1,621,974</u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2008

	<u>General Fund</u>
Revenues:	
Ad valorem taxes	\$ 252,082
Intergovernmental revenue--state funds	
State revenue sharing	3,612
Fire insurance rebate	11,921
Contributions	29,380
Other revenues	3,419
Interest income	6,880
Total Revenues	<u>307,294</u>
Expenditures:	
Current:	
Public safety-fire	116,231
Capital Outlay	15,905
Debt service:	
Principal payments	41,890
Interest expense	8,766
Total Expenditures	<u>182,792</u>
Excess of Revenues over Expenditures	<u>124,502</u>
Fund balances, beginning of year	255,666
Restate balance to include current portion of long term debt	(48,285)
Fund balances, end of year	<u>\$ 331,883</u>

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$	124,502
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds:		
Capital outlays (\$15,905) is less than depreciation expense (\$162,444)		(146,539)
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the Governmental Funds:		
Change in deferred ad valorem taxes		5,799
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Payments on capital leases		41,890
Change in Net Assets of Governmental Activities, Statement B	\$	<u>25,652</u>

NOTES TO THE FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana
NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2006

INTRODUCTION

DeSoto Fire Protection District No. 1 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on February 8, 1989. The Fire District is governed by a five-member board appointed in accordance to LRS 40:1496 as follows: two members by the Police Jury, one member by the Town of Logansport, one by the Village of Longstreet, and one, the chairman, by the other four members. Board members serve without compensation. The Fire District is responsible for maintaining and operating fire stations and equipment, and providing fire protection and rescue services to approximately 3500 residents in the southwest corner of the parish. The Fire District is staffed by two part-time employees and 44 volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Fire Protection District No. 1 have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis—For State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

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, (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 statement to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for 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 accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion 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.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature of significance of the relationship.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Because the Police Jury created the Fire District and has the ability to impose its will on the Fire District, the Fire 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 Fire 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 financial reporting entity.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Fire District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The one fund of the Fire District is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Fire District has only one fund, a governmental fund. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are a least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The major fund of the Fire District is described below:

**Governmental Fund--
General Fund**

The General Fund is the principal fund of the Fire District and is used to account for the operations of the Fire District. General operating expenditures are paid from this fund.

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net assets.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY

Cash and interest-bearing deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Firefighting equipment	5-10 years
Fire trucks	15 years
Station equipment	5-10 years
Furniture and fixtures	5-20 years

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

The Fire District is required by state law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the Fire District. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The budget was amended once during the year.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. COMPENSATED ABSENCES

The Fire District does not provide for the accumulation and vesting of leave.

H. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Fire District recognizes uncollectible ad valorem tax receivables as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable. The District feels that at this time there is no need for an allowance for doubtful accounts.

2. CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Fire 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.

At December 31, 2006, the Fire District has cash and cash equivalents totaling \$112,983 (book balance). These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2006, these deposits are secured from risk by \$100,000 of federal deposit insurance. The remaining \$12,983 are adequately pledged.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2006

3. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2006 are as follows:

<u>Governmental Activities</u>	<u>1/31/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2006</u>
Vehicles	\$ 1,482,866	\$ 12,944		\$ 1,495,810
Buildings	330,403	1,582		331,985
Firefighting Equipment	371,237			371,237
Station Equipment	63,022	1,379		64,401
Furniture & Fixtures	14,971			14,971
Total	<u>2,262,499</u>	<u>15,905</u>	<u>-</u>	<u>2,278,404</u>
Less Accumulated Depreciation				
Vehicles	537,366	104,250		641,616
Buildings	95,316	8,529		103,844
Firefighting Equipment	97,677	41,640		139,317
Station Equipment	43,211	5,872		49,083
Furniture & Fixtures	7,013	2,154		9,167
Total	<u>780,582</u>	<u>162,444</u>	<u>-</u>	<u>943,026</u>
Capital Assets, Net	<u>\$ 1,481,917</u>	<u>\$ 178,349</u>	<u>\$ -</u>	<u>\$ 1,335,378</u>

Depreciation expense of \$162,444 was charged to the public safety function.

4. RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of asset and errors and omissions. To handle some of the risk, the Fire District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2006.

5. LITIGATIONS

There is no litigation pending against the Fire District, at December 31, 2006, nor is it aware of any unasserted claims.

6. RELATED PARTY TRANSACTIONS

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. There were no related party transactions.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2006

7. LEVIED TAXES

The Fire District levies taxes on real and business property located within the boundaries of the Fire District. Property taxes are levied by the Fire District on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The DeSoto Parish Sheriff's offices bills and collects property taxes for the Fire District. Collections are remitted to the Fire District monthly. The Fire District recognizes property tax revenues when levied

The property tax calendar:

Assessment date	January 1, 2006
Levy date	June 30, 2006
Tax bills mailed	October 15, 2006
Total taxes are due	December 31, 2006
Penalties & interest added	January 31, 2007
Tax sale	May 15, 2007

The Fire District has authorized ad valorem tax millage of 15.00 mills and levied taxes of 15.39 mills for 2006. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Louisiana Constitution Article VII, Section 18(F). This revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2004. This millage is dedicated for acquisition and maintenance at 5.00 mills and construction and maintenance at 10.00 mills. Total assessed value in the Fire District was \$21,352,314 in 2006. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$4,470,612 in 2006. Total of ad valorem tax revenues recognized in 2006 by the Fire District was \$257,880.

The following are the principal taxpayers for the Fire District (2006 amounts):

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>ASSESSED VALUATION</u>	<u>% OF TOTAL ASSESSED VALUATION</u>	<u>AD VALOREM TAX REVENUE FOR FIRE DISTRICT</u>
XTO Energy Inc.	Oil & Gas	\$ 2,295,015	10.75%	\$ 25,335
CLECO Power, L.L.C.	Utility	1,857,830	8.70%	20,507
Georgia-Pacific Corp	Manufacturing	1,752,855	8.21%	19,350
Total		<u>\$ 5,905,500</u>	<u>27.66%</u>	<u>\$ 59,685</u>

8. LEASE AGREEMENT

Desoto Parish Fire District No. 1 has a lease agreement with DeSoto Parish Emergency Medical Services for the use of space at the station to house an ambulance. Rent income for the year is \$2,500.

9. RETIREMENT COMMITMENTS

All employees of the DeSoto Parish Fire Protection District No. 1 are members of the Federal Social Security System. The District and its employees contribute a percentage of each employee's salary to the System (7.65% by the employee). The District's contribution during the year ended December 31, 2006, amount to \$1,881.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2006

10. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended December 31, 2006:

Long-term debt payable at December 31, 2006	\$	164,543.00
New debt issued		
Less, payments made during the year		(41,890.00)
Due within one year		(44,265.00)
Long-term debt payable at December 31, 2006	\$	<u>78,388.00</u>

The Fire District entered into a seven-year capital lease, with the option to purchase dated May 1, 2003 for a NO34 Pumper Truck. The lease calls for annual principal payments of \$11,153 to \$17,228 with interest paid annually at a rate of 4.95 percent.

The Fire District entered into an 11-year capital lease, with the option to purchase, dated February 5, 1997, for a Freightliner rescue truck and a Freightliner pumper truck. The lease calls for annual principal payments of \$9,893 to \$30,734 with interest paid annually at rates from 4.99 percent to 5.99 percent.

The annual requirements to amortize the capital leases at December 31, 2006, including interest of \$18,405 are as follows:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>
2007	44,285	6,391
2008	14,200	3,880
2009	14,903	3,177
2010	15,641	2,439
2011-2012	<u>33,624</u>	<u>2,518</u>
Total	<u>122,653</u>	<u>18,405</u>

11. COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the Fire District receive no compensation for their services.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
(MODIFIED CASH BASIS) GENERAL FUND (MAJOR GOVERNMENTAL FUNDS)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Budget to Actual
	Original	Final		Positive(Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 215,000	\$ 259,000	\$ 252,082	\$ (6,918)
State revenue sharing	1,400	3,500	3,612	112
Fire insurance rebate	9,700	11,000	11,921	921
Other revenues	36,000	33,000	32,799	(201)
Interest income	1,800	1,800	6,880	5,080
Total Revenues	<u>263,900</u>	<u>308,300</u>	<u>307,294</u>	<u>(1,006)</u>
Expenditures:				
Current:				
Public safety	95,000	95,000	53,860	41,140
General government	66,000	66,000	62,371	3,629
Debt service	72,050	58,050	50,656	7,394
Capital outlay	25,500	25,500	15,905	9,595
Total Expenditures	<u>258,550</u>	<u>244,550</u>	<u>182,792</u>	<u>61,758</u>
Excess of Revenues over Expenditures	<u>5,350</u>	<u>63,750</u>	<u>124,502</u>	<u>60,752</u>
Net Change in Fund Balance		63,750	124,502	
Fund Balances (Deficit) at Beginning of Year		<u>220,481</u>	<u>255,666</u>	
Fund Balances (Deficit) at End of Year		<u>\$ 284,231</u>	<u>\$ 380,168</u>	

**OTHER REPORTS REQUIRED BY LOUISIANA GOVERNMENTAL
AUDIT GUIDE**

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
DeSoto Parish Fire Protection District No. 1
Logansport, LA 71049

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed upon by the management of the DeSoto Parish Fire Protection District No. 1 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about DeSoto Parish Fire Protection District No. 1's compliance with certain laws and regulations during the year ended December 31, 2006, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures in excess of the \$20,000 for materials and supplies, and there were no expenditures over \$100,000 for public works.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided me with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided me with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

A review of the disbursement journal did not indicate any applicable employees, except for Rusty Canton, employed as a fire fighter, who is the son of the Jack Canton, Fire Chief. However, Rusty Canton was no longer employed by the District at the year ended December 31, 2006.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget.

6. Trace the budget adoption and amendments to the minute book.

The Board adopted the original budget on December 15, 2005 with no opposed votes. It was amended once on December 21, 2007.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenue and expenditures. Budgeted revenues for the year did not exceed actual amounts by more than 5% and actual expenditures did not exceed budgeted amounts.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

All checks were supported by proper documentation as to proper amount and payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account;

The payments were found to be coded to the correct fund and general ledger accounts.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approvals from board members.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by RS 42:4.1 through 42:13 (the open meeting law).

The DeSoto Parish Fire Protection District No. 1 is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Management has asserted that such documents were properly posted, copies of agendas were in the files, but I could find no evidence supporting or denying the posting of the agendas.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected all deposits for the period under examination and found no indication of new bank loans, bonds, or like indebtedness in 2006.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

In my review of the cash disbursements and payroll records for the year, I noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Prior-Year Comments and Recommendations

12. Review any prior-year suggestions, recommendations, and or comments to determine the extent to which such matters have been resolved

Our prior year report on compliance and internal control, dated May 31, 2006, did not include any comments or unresolved matters.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of the DeSoto Parish Fire Protection District No. 1 and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deborah D. Dees, CPA
Mansfield, Louisiana
June 8, 2006

LOUISIANA ATTESTATION QUESTIONNAIRE

May 1, 2007

Deborah D. Dees, CPA
122 Jefferson Street
Mansfield, LA 71052

In connection with your review of our financial statements as of December 31, 2006 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 1, 2007.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes No]

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes No]

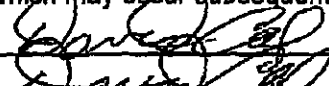
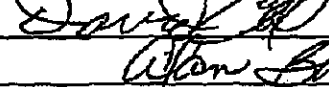

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes No]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

	Secretary	<u>5-17-07</u>	Date
	Treasurer	<u>5-17-07</u>	Date
	President	<u>5-17-07</u>	Date