

DESOTO PARISH FIRE DISTRICT NO. 8**MANSFIELD, LOUISIANA****FINANCIAL STATEMENTS****December 31, 2011**

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 **JUN 06 2012**

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic 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, 2011, as listed in the table of contents. These financial statements are the responsibility of the DeSoto Parish Fire District No. 8's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects the position of the DeSoto Parish Fire District No. 8 of December 31, 2011, and the respective changes in financial position for year then ended 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 2 through 6 and 22 and 23, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated May 21, 2012 on my consideration of DeSoto Parish Fire District No. 8's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Marsha O. Millican

Certified Public Accountant
May 21, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of DeSoto Fire District No. 8's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District had total net assets of \$3,587,622 at year end which represents an increase from the prior year of \$542,811.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and notes to financial statements. These components are described below.

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all the assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF THE ENTITY

Net Assets

Net assets may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$3,587,622 as of December 31, 2011.

The District's major assets are receivables of \$2,440,440 and fixed assets of \$1,872,707 representing its investment in capital assets such as land, buildings and improvements, equipment and furniture, less the related debt used to acquire those assets that is still outstanding. The District owed \$823,793 at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending. Revenues needed to repay the related debt will be provided through tax assessments on property located within the District.

DeSoto Parish Fire District No. 8's Net Assets December 31,

	<u>2011</u>	<u>2010</u>
Current assets	\$ 2,543,494	\$ 2,220,120
Other assets	706	706
Capital assets	<u>1,872,207</u>	<u>1,528,251</u>
Total assets	<u>4,418,418</u>	<u>3,749,077</u>
Current liabilities	220,436	133,266
Noncurrent liabilities	<u>610,360</u>	<u>571,000</u>
Total liabilities	<u>830,796</u>	<u>704,266</u>
Invested in capital assets, net of related debt	1,048,914	829,491
Unrestricted	<u>2,538,708</u>	<u>2,215,320</u>
Total net assets	<u>\$ 3,587,622</u>	<u>\$ 3,044,811</u>

Changes in Net Assets

The District's net assets increased by \$542,811 during the year ended December 31, 2011. Expenses incurred by the District are primarily for fire safety services. Approximately 63% (\$1,436,493) of the District's expenses are for salaries and related payroll taxes and employee benefits.

In 2011, governmental activity program revenues exceeded program expenses, resulting in an increase in net assets of \$542,811.

DeSoto Parish Fire District No. 8's Changes in Net Assets
For the Year Ended December 31,

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Property taxes	\$ 2,496,304	\$ 1,827,861
Intergovernmental	151,904	135,418
General revenues:		
Interest	2,490	4,036
Miscellaneous	<u>66,346</u>	<u>188,271</u>
Total revenues	2,717,044	2,155,586
Expenses:		
Public safety - fire protection	2,139,660	1,859,664
Interest on long-term debt	<u>34,573</u>	<u>25,730</u>
Total expenses	2,174,233	1,885,394
Increase (Decrease) in net assets	542,811	270,192
Net assets, beginning of year	<u>3,044,811</u>	<u>2,774,619</u>
Net assets, end of year	<u>\$ 3,587,622</u>	<u>\$ 3,044,811</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements

Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

As of the end of the current year, the District's governmental funds reported combined ending fund balances of \$2,538,708, an increase of \$323,388 compared to the prior year. The ending fund balance is unreserved and available for spending in the coming year.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The fund balance of the general fund increased by \$323,388 during 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year.

The District's budget was amended during 2011.

The actual expenditures were equalled the final budget amounts. Revenues available for expenditures equalled the final budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2011, totaled \$4,372,136, net of accumulated depreciation of \$2,499,429, leaving a book value of \$1,872,707. This investment in capital assets includes building, equipment, furniture and mapping in progress.

Actual costs to purchase capital assets was \$532,019 for the year. Depreciation charges for the year totaled \$186,803.

Debt Administration

The District increased its long term debt by \$125,793. The District entered into a capital lease for equipment in the amount of \$332,019. The District made principal payments on long-term debt of \$206,226 for the year ended December 31, 2011

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the DeSoto Parish Fire District No.'s for all of the District's citizens, taxpayers, investors, and creditors. This financial report seeks to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. David Manning, Fire Chief, DeSoto Parish Fire District No. 8, 13011 Highway 175, Mansfield, Louisiana, 71052 or by calling (318) 872-2453.

DESOTO PARISH FIRE DISTRICT NO. 8

Statement of Net Assets

December 31, 2011

ASSETS	
Cash	\$ 104,511
Ad valorem taxes receivable	2,440,440
Capital Assets - net of accumulated depreciation	1,872,707
Deposits	<u>760</u>
Total Assets	<u>\$ 4,418,418</u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accruals	\$ 7,003
Long term liabilities.	
Payable within one year	213,433
Payable after one year	<u>610,360</u>
Total Liabilities	<u>830,796</u>
 Fund Balances	
Invested in capital assets, net of related debt	1,048,914
Unrestricted	<u>2,538,708</u>
Total Net Assets	<u>3,587,622</u>
 Total Liabilities and Net Assets	 <u>\$ 4,418,418</u>

The notes to the financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

Statement of Activities

For the Year Ended December 31, 2011

	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Operating Grants</u>		<u>Total</u>
Governmental Activities:				
Public safety-fire protection	\$ 2,139,660	\$ -	\$ -	\$ (2,139,660)
Interest on long term debt	<u>34,573</u>	-	-	<u>(34,573)</u>
Total Governmental Activities	\$ 2,174,233	\$ -	\$ -	\$ (2,174,233)
General Revenues:				
Taxes				
Ad valorem taxes				2,496,304
State fire insurance rebate				31,016
State revenue sharing				10,388
State supplemental pay				110,500
Interest Earned				2,490
Miscellaneous				66,346
Total General Revenues				<u>2,717,044</u>
Change in Net Assets				542,811
Net Assets, beginning of year				<u>3,044,811</u>
Net Assets, end of year				<u>\$ 3,587,622</u>

The notes to the financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

Balance Sheet
Governmental Fund
December 31, 2011

ASSETS		
Cash		\$ 104,511
Ad valorem taxes receivable		2,440,440
Deposits		<u>760</u>
Total Assets		<u>\$ 2,545,711</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable and accruals		<u>\$ 7,003</u>
Total Liabilities		<u>7,003</u>
Fund Balance		
Unassigned		<u>2,538,708</u>
Total Fund Balance		<u>2,538,708</u>
Total Liabilities and Fund Balances		<u>\$ 2,545,711</u>

The notes to the financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

**Reconciliation of Fund Balances on the Balance Sheets
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
For the Year Ended December 31, 2011**

Fund Balances - Total Governmental Funds	\$ 2,538,708
 Amounts reported for governmental activities in the statement of net assets are different because	
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Add Capital Assets	4,372,136
Deduct Accumulated Depreciation	(2,499,429)
 Certain liabilities, such as certificates of indebtedness and and capital lease proceeds are not due and payable in the current period and are not recorded in the funds	
	<u>(823,793)</u>
 Net Assets of Governmental Activities	 <u><u>\$ 3,587,622</u></u>

The notes to financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO 8

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues:	
Ad valorem taxes	\$ 2,496,304
Intergovernmental revenues	
State fire insurance rebate	31,016
State revenue sharing	10,388
State supplemental pay	110,500
Grants	-
Interest earned	2,490
Miscellaneous	<u>66,346</u>
Total Revenues	<u>2,717,044</u>
Expenditures:	
Current:	
Fire protection	2,484,876
Debt service:	
Principal	206,226
Interest	<u>34,573</u>
Total Expenditures	<u>2,725,675</u>
Net changes in fund balance before other financing sources	(8,631)
Other Financing Sources:	
Proceeds from borrowing	<u>332,019</u>
Net changes in fund balance	<u>323,388</u>
Fund Balances, Beginning of Year	<u>2,215,320</u>
Fund Balances, End of Year	<u>\$ 2,538,708</u>

The notes to the financial statements are an integral part of this report.

DESOTO PARISH FIRE DISTRICT NO. 8

**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, 2011**

Amounts reported for governmental activities in the statement of activities are different because

Net Change in Fund Balances - Total Governmental Funds	\$ 323,388
 Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$532,019) exceeds depreciation (\$186,803)	 345,216
 Proceeds of debt are recorded as other financing sources in the governmental funds, but are recorded as an increase in long-term liabilities in the statement of net assets	 (332,019)
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities	 <u>206,226</u>
 Change in Net Assets of Governmental Activities	 <u>\$ 542,811</u>

The notes to financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2011

INTRODUCTION

The DeSoto Parish Fire District No. 8 ("the District") was created by the DeSoto Parish Police Jury by ordinance as provided under the Louisiana Revised Statutes 40:1496. The District is located in DeSoto Parish and is governed by a board of commissioners, who are appointed by the DeSoto Parish Police Jury. The purpose of the District is to provide fire protection and emergency services to the residents of the District.

1. ***Summary of Significant Accounting Policies:***

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June, 1999 the GASB issued Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and Government Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity is financial accountability. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

The District is a component unit of the Caddo Parish Commission, the financial reporting entity. The Commission is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on the District.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements
December 31, 2011

1. *Summary of Significant Accounting Policies (continued):*

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all nonfiduciary activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function, segment or component unit. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District consists of one program - fire protection.

Governmental fund financial statements are provided for the District. The District consists of one governmental fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement no. 34, the District has presented a Statement of Net Assets and a Statement of Activities for the District as a whole. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to the government-wide statements are as follows.

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statement of Net Assets

Application of FASB Statements and Interpretations - Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements

Capitalizing Assets - Tangible or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, and buildings are recorded at their historical costs and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets

Program Revenues - The Statement of Activities presents two categories of program revenues- (1) charges for services; and (2) operating grants and contributions

Charges for services are those revenues arising from exchange or exchange-like transactions with external parties that purchase, use or directly benefit from the program goods, services or privileges. Service charges (structure fees) are reported as charges for services

Operating grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for operating purposes of a program. Supplemental salaries paid to the firefighters by the State of Louisiana, state revenue sharing, and fire insurance rebates are reported as operating grants and contributions.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2011

1. ***Summary of Significant Accounting Policies (continued):***

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Restricted Net Assets - Restricted net assets are those for which a constraint has been imposed either externally of by law. Resources restricted for a specific purpose are exhausted before unrestricted net assets are used.

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Fund Financial Statements - The governmental 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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Principal revenue sources considered to be susceptible to accrual include property taxes, service fees, and interest on investments. Other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

Interest on general long-term obligations is recognized when paid

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting 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 relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including collection and disbursement of specific or legally restricted monies, the acquisition, construction or improvement of capital assets, and the servicing of long-term debt. Governmental funds of the District include:

General Fund - the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements
December 31, 2011

1. ***Summary of Significant Accounting Policies (continued):***

Budget and Budgetary Control

A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31st of each year. The proposed budget is prepared on a cash basis of accounting that is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. The budget was amended in 2009.

Formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Use of Estimates

The preparation of financial statements generally requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during a reporting period. Actual results could differ from those estimates.

Capital Assets

The District's assets are recorded at historical cost. Capital assets are recorded as expenditures in the governmental financial statements. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation expense is recorded in the government-wide financial statements using the straight-line method over the useful lives of the assets. All assets of the District are reported in the accompanying financial statements.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements
December 31, 2011

1. *Summary of Significant Accounting Policies (continued):*

Long-term obligations

In the government-wide statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability reported on the Statement of Net Assets. In the fund financial statements, debt principal payments of the governmental funds are recognized as expenditures when paid.

Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are fully collectible.

Governmental fund type receivables consists of amounts due for property taxes.

Net Assets/Fund Balances

In the Statement of Net Assets, the differences between a government's assets and liabilities are recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

Restricted Net Assets - This category records net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets.

Unrestricted Net Assets - This category represents net assets not appropriate for expenditures or legally separated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Unassigned - The unassigned fund balance for governmental funds represent the amount available for budgeting future operations.

Nonspendable - This classification includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements
December 31, 2011

2. **Funds on Deposit at Banks:**

At December 31, 2011, the District has cash and cash equivalents as follows:

	<u>Bank Balances</u>	<u>Book Balances</u>
Interest-bearing demand deposits	\$ 100,625	\$ 67,167

These deposits are stated at cost, which approximates market value. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposits insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank that is mutually acceptable to both parties. At December 31, 2011, all deposits were insured by FDIC insurance.

3. **Ad Valorem Taxes :**

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, 2011, taxes of 9.9 mills were levied and dedicated to general maintenance.

4. **Funds on Deposit with LAMP:**

In addition to a bank, the District also had funds on deposit with Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc, a nonprofit corporation organized under the laws of the State of Louisiana. LAMP accepts deposits from public entities. Upon the making of an investment, the 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 for which local governments 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 no 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. Funds on deposit with LAMP at December 31, 2011 totaled \$37,344.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements
December 31, 2011

5. **Receivables:**

A summary of receivables at December 31, 2011, follows

	<u>Gross Receivable</u>	<u>Allowance Account</u>	<u>Net</u>
Ad valorem taxes	\$ 2,440,440	\$ -	\$ 2,440,440
	<u>\$ 2,440,440</u>	<u>\$ -</u>	<u>\$ 2,440,440</u>

6. **Capital Assets:**

Capital asset activity for the year ended December 31, 2011 was as follows

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Government activities.			
Capital assets, not being depreciated	\$ 39,472	\$ -	\$ 39,472
Capital assets, being depreciated			
Buildings & improvements	1,459,531	-	1,459,531
Equipment & furniture	2,341,114	532,019	2,873,133
Total	<u>3,800,645</u>	<u>532,019</u>	<u>4,332,664</u>
Less accumulated depreciation			
Buildings & improvements	(247,522)	(35,626)	(283,148)
Equipment	(2,065,104)	(151,177)	(2,216,281)
Total	<u>(2,312,626)</u>	<u>(186,803)</u>	<u>(2,499,429)</u>
Net capital assets	<u>\$ 1,527,491</u>	<u>\$ 345,216</u>	<u>\$ 1,872,707</u>

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2011

7. Risk Management:

The District is exposed to various risks of loss related to torts, theft or, damage to and destruction of assets, errors and omissions; injuries to employees, and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation. There were no significant reductions in insurance coverage from the prior year.

8. Pension Plan:

Firefighter's Retirement System of Louisiana

Plan Description

Substantially all employees of the District are members of the Louisiana Firefighters' Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after the age of 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy

Plan members are required to contribute 8.0% - 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The employer contribution rate ranges from 21.50% of annual covered payroll to 23.25%. The contributions requirements of plan members and the District are established and may be amended by a state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the year ending December 31, 2011, was \$228,213 based on eligible wages of \$1,019,564.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements
December 31, 2011

9. Per Diem Paid to Commissioners:

The District has a volunteer board, therefore, no per diem amounts were paid during the period.

10. Long-Term Obligations:

A summary of change in long-term debt

	Balance 1/1/2011	Issuances Principal Payments	Balance 12/31/2011
Certificate of Indebtedness	\$ 698,000	\$ (127,000)	\$ 571,000
Capital Lease Payable		252,793	252,793
Totals	\$ 698,000	\$ 125,793	\$ 823,793

Certificates of indebtedness were issued March 5, 2009 in the amount of \$820,000. The certificates bear interest at a rate of 3.39%. The certificates were issued to fund station improvements.

The annual requirements to amortize obligation bonds outstanding as of December 31, 2011, are as follows:

Year Ending	Principal	Interest	Total
2011	\$ 133,000	\$ 17,103	\$ 150,103
2012	139,000	12,491	151,491
2013	146,000	7,661	153,661
2014	153,000	2,593	155,593
Total	<u>\$ 571,000</u>	<u>\$ 39,848</u>	<u>\$ 610,848</u>

Capital lease payable represents funds of \$332,019 borrowed to purchase a fire truck. The interest rate is 4.65%. Annual requirements to retire the debt including interest of \$24,074 are as follows: December 31, 2012 - \$92,289; December 31, 2013 - \$92,289; December 31, 2015 - \$92,289.

DESOTO PARISH FIRE DISTRICT NO. 8
Budgetary/GAAP Reporting Reconciliation
December 31, 2011

<u>Budgetary/GAAP Reporting Reconciliation</u>			
<u>General Fund</u>			
	Actual on GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues:			
Ad valorem taxes	\$ 2,496,304	\$ (673,967)	\$ 1,822,337
Intergovernmental		-	
State fire insurance rebate	31,016	-	31,016
Grants	-	(33,053)	-
State revenue sharing	10,388	5,727	10,388
State supplemental pay	110,500	(110,500)	-
Interest earned	2,490	-	2,490
Miscellaneous	66,346	(2)	66,344
Total revenues	<u>2,717,044</u>	<u>(784,469)</u>	<u>1,932,575</u>
Expenditures:			
Current fire protection			
Personnel services	1,546,993	(110,500)	1,436,493
Operating services	211,631	(872)	210,759
Materials and Supplies	173,966	(138)	173,828
Travel and other	20,267	271	20,538
Debt Service	240,799	-	240,799
Capital Outlay	532,019	(332,019)	200,000
Total expenditures	<u>2,725,675</u>	<u>(443,258)</u>	<u>2,282,417</u>
Changes in Fund Balance before Other Financing Resources	(8,631)	(341,211)	(349,842)
Other Financing Sources			
Proceeds from borrowings	<u>332,019</u>	<u>(332,019)</u>	<u>-</u>
Excess of Revenues Expenditures	323,388	<u>(673,230)</u>	<u>(349,842)</u>
Fund Balance, Beginning	<u>2,215,320</u>		
Fund Balance, Ending	<u><u>\$ 2,538,708</u></u>		

DESOTO PARISH FIRE DISTRICT NO. 8
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual
(Cash Basis)
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Ad Valorem Taxes	\$ 1,958,391	\$ 1,822,337	\$ 1,822,337	\$ -
Intergovernmental revenues				
State fire insurance rebate	-	31,016	31,016	-
State revenue sharing	9,858	10,388	10,388	-
Grants	-	-	-	-
Interest earning	5,000	2,490	2,490	-
Miscellaneous	30,050	66,344	66,344	-
Total revenues	<u>2,003,309</u>	<u>1,932,575</u>	<u>1,932,575</u>	<u>-</u>
Expenditures				
Current fire protection				
Personal services	1,335,000	1,436,493	1,436,493	-
Operating services	150,000	210,759	210,759	-
Materials and supplies	80,000	173,828	173,828	-
Travel and other	40,000	20,538	20,538	-
Debt service	148,510	240,799	240,799	-
Capital outlay	-	200,000	200,000	-
Total Expenditures	<u>1,753,510</u>	<u>2,282,417</u>	<u>2,282,417</u>	<u>-</u>
Changes in Fund Balance before Other Financing Sources	249,799	(349,842)	(349,842)	-
Other Financing Sources:				
Proceeds from borrowings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over Expenditures	249,799	(349,842)	(349,842)	-
Fund Balances, Beginning	<u>2,215,320</u>	<u>2,215,320</u>	<u>2,215,330</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 2,465,119</u>	<u>\$ 1,865,478</u>	<u>\$ 1,865,488</u>	<u>\$ -</u>



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the component unit financial statements of DeSoto Parish Fire District No 8 as of and for the year ended December 31, 2011, and have issued my report thereon, dated May 21, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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 as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified a certain deficiency in internal control that I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the following deficiency in the District's internal control to be a material weakness: Finding 2011 #1 - Lack of segregation of duties.

Compliance and Other Matters

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 grant agreements 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 or other matters that are required to be reported under Government Auditing Standards.

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This report is intended solely for the information of management, the Board of Commissioners and applicable 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

Maisha D. Millican

Certified Public Accountant
May 21, 2012

DESOTO PARISH FIRE DISTRICT NO. 8

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2011

FINDING 2010-1

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

CORRECTIVE ACTION TAKEN:

No action was recommended due to economic and space limitations and none was taken.

DESOTO PARISH FIRE DISTRICT NO. 8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. The auditor's report expresses an unqualified opinion on the financial statements
2. One significant deficiency is reported as a material weaknesses in internal control over financial reporting
3. No instances of noncompliance material to the financial statements of the District was disclosed during the audit.

FINDING/NONCOMPLIANCE

FINDING 2011 - #1

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

Criteria: Employees perform related accounting functions

Cause. The condition is due to economic and space limitations

Recommendation. Whether or not it would be cost effective to correct a deficiency is not a factor in reporting requirements under accounting standards generally accepted in the United States of America. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported under accounting standards generally accepted in the United States of America. In this case, both management and the auditor do not believe that correcting the material weakness described above is cost effective or practical, and, accordingly, do not believe that any corrective action is necessary

Management's Response. We concur with the finding.