

9259

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

**FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2007**

---

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.

---

**Deborah D. Dees, MBA, CPA  
122 Jefferson Street  
Mansfield, Louisiana 71052  
318-872-3007**

---

Release Date 7/23/08

**DESOTO PARISH FIRE PROTECTION DISTRICT NO.3**  
**Stonewall, Louisiana**  
**FINANCIAL REPORT**  
As of and for the Year Ended December 31, 2007

**Table of Contents**

	<u>Statement</u>	<u>Page</u>
Independent Accountant's Review Report		2
<u>Required Supplemental Information (Part I)</u>		
Management's Discussion and Analysis		4-5
<u>Basic Financial Statements:</u>		
<u>Government Wide Financial Statements:</u>		
Statement of Net Assets	A	8
Statement of Activities	B	9
<u>Fund Financial Statements:</u>		
Balance Sheet-Governmental Funds	C	11
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Assets	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds	E	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	F	14
<u>Notes to the Financial Statements:</u>		
Notes to the Financial Statements		16-24
<u>Required Supplemental Information (Part II):</u>		
Budgetary Comparison Schedule – General Fund	<b>Schedule</b> 1	<b>Page</b> 26
<u>Other Reports Required by Louisiana Governmental Audit Guide:</u>		
Independent Accountant's Report on Applying Agreed-Upon Procedures		28-30
Louisiana Attestation Questionnaire		31-32

**Independent Accountant's Report**

Board of Commissioners  
DeSoto Parish Fire Protection District No. 3  
Stonewall, Louisiana

I have reviewed the accompanying financial statements of the governmental activities of the DeSoto Parish Fire Protection District No. 3, a component of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2007, which comprise the DeSoto Parish Fire Protection District No. 3'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. 3'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. 3 for the year ended December 31, 2007, 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 26 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 were 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 19, 2008, on the results of our agreed-upon procedures.

*Deborah D. Dees, CPA*

Mansfield, Louisiana  
June 19, 2008

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

**DESOTO PARISH FIRE DISTRICT NO. 3**  
**Stonewall, Louisiana**  
**Management's Discussion and Analysis**  
**For The Year Ended December 31, 2007**

This section of the DeSoto Parish Fire Protection District No. 3's (Fire District) annual financial report presents our discussion and analysis of the Fire District's financial performance during the fiscal year that ended December 31, 2007. Please read it in conjunction with the Fire District's financial statements, which follow this section.

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 the 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 Police Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto parish Fire Protection District No. 3.

**FINANCIAL HIGHLIGHTS**

In mid November the District received a \$40,030 grant from the State of Louisiana to purchase fire fighting equipment. The purchases have not been made before year end and must be made before June 30, 2008.

The comparison of net assets from year to year serves to measure a government's financial position. As of December 31, 2007, the Fire District's assets exceeded its liabilities by \$851,295 (net assets). A Summary of Statement of Net Assets is as follows:

	Governmental Activities 2007	Governmental Activities 2006
	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Current assets	\$ 371,987	\$ 282,506
Capital assets, net of accumulated depreciation	486,136	541,767
Total Assets	<u>858,123</u>	<u>824,273</u>
<b>Liabilities:</b>		
Current liabilities	6,828	53,492
Long-term liabilities		6,217
Total Liabilities	<u>6,828</u>	<u>59,709</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	479,922	484,342
Unrestricted	371,373	280,222
Total Net Assets	<u>\$ 851,295</u>	<u>\$ 764,564</u>

Investment in capital assets (fire stations, equipment, and fire trucks) less outstanding debt used in acquiring these assets represented 56% of the District's total net assets.

## DESOTO PARISH FIRE DISTRICT NO. 3

Stonewall, Louisiana

### Management's Discussion and Analysis For The Year Ended December 31, 2007

The following schedule compares revenues and expenses for the current and previous year. Total revenues increased by 10.38% over last year. Approximately 78 percent of the District's total revenues come from \$100 parcel fees assessed on property owners. Total expenses decreased 8 percent from the prior year.

A Summary of Statement of Activities is as follows:

	Governmental Activities	
	2007	2006
Program Revenues:		
Charges for Services	\$ 207,490	\$ 202,300
State and Other Grants	42,530	17,565
Federal Grants	-	3,056
General Revenues:		
Use of Money and Property	3,664	3,184
Other Revenues	11,260	11,343
Total Revenues	<u>264,944</u>	<u>237,448</u>
Expenses:		
Public Safety	175,542	189,270
Interest on debt	2,671	4,044
Total Expenses	<u>178,213</u>	<u>193,314</u>
Change in Net Assets	\$ <u>86,731</u>	\$ <u>44,134</u>

#### General Fund Budgetary Highlights

The Fire District adopted a budget for its General Fund for the year ended December 31, 2007. The budget was amended once on November 6, 2007. Total budgeted expenditures in the final budget were less than the original budget by \$615. Total actual revenues were more than budgeted by \$65,041.

#### Debt Administration

The District owes \$6,215 on a three-year note to finance a communication tower in January, 2007.

#### Capital Assets

The District acquired \$8,926 in capital assets in 2007 which included kitchen updates and other needed firefighting equipment.

#### Economic Factors and Next Year's Budget

The primary revenue source for the Fire District is assessment charges. The Fire District's budgeted revenues and expenditures for 2008 are comparable to 2007's actual revenues and expenditures. The Fire District does not anticipate any changes in its day-to-day operations that will have a material effect on its 2008 budget.

#### Contacting the Fire District

This financial report is designed to provide our citizens and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Fire Protection District No. 3 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 Carolyn Thomas, at the DeSoto Parish Fire Protection District No. 3, Post Office Box 329, Stonewall, Louisiana 71078 or call at (318) 925-0087.

## BASIC FINANCIAL STATEMENTS

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3****Stonewall, Louisiana****STATEMENT OF NET ASSETS**

December 31, 2007

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 107,731
Receivables (Note 7)	256,974
Prepaid insurance	7,282
Capital assets, net of depreciation (Note 3)	<u>486,136</u>
<b>TOTAL ASSETS</b>	<b>\$ 858,123</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Payroll taxes payable	\$ 613
Notes payable, current	<u>6,215</u>
Total current liabilities	6,828
Long-term liabilities:	
<b>TOTAL LIABILITIES</b>	<b>\$ 6,828</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 479,922
Unrestricted	<u>371,373</u>
<b>TOTAL NET ASSETS</b>	<b>\$ 851,295</b>

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

**STATEMENT OF ACTIVITIES**  
For Year Ended December 31, 2007

Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
<b>Governmental Activities:</b>					
Public Safety- Fire	\$ 175,542	\$ 207,490		\$ 42,530	\$ 74,478
Interest on debt	2,671				(2,671)
<b>Total Governmental Activities</b>	<b>\$ 178,213</b>	<b>\$ 207,490</b>	<b>\$ 0</b>	<b>\$ 42,530</b>	<b>71,807</b>
<b>General Revenues:</b>					
Interest Earnings					3,664
Fire Insurance Rebate					10,893
Other Revenue					367
<b>Total General Revenues</b>					<b>14,924</b>
					<b>Change in Net Assets 86,731</b>
					<b>Net Assets Beginning 764,564</b>
					<b>Net Assets Ending \$ 851,295</b>

FUND FINANCIAL STATEMENTS

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

**BALANCE SHEET, GOVERNMENTAL FUNDS**

December 31, 2007

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 107,731
Receivables, net of allowance	256,974
Prepaid assets	<u>7,282</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 371,987</u></b>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
Current Liabilities:	
Payroll taxes payable	\$ 613
<b>Total Liabilities</b>	<b><u>613</u></b>
<b>Fund Balances:</b>	
Unreserved, undesignated	<u>371,374</u>
<b>Total Fund Balance</b>	<b><u>371,374</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 371,987</u></b>

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**  
**Stonewall, Louisiana**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**  
December 31, 2007

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

Fund Balances, Total Governmental Funds, Statement C	\$ 371,374
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds	486,136
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	<u>(6,215)</u>
Net Assets of Governmental Activities, Statement A	<u>\$ 851,295</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2007

	General Fund
<b>Revenues:</b>	
Service charge fees	\$ 207,490
Intergovernmental revenue--state funds	
Fire insurance rebate	10,893
State and other grants	42,530
Other revenues	367
Interest income	<u>3,664</u>
Total Revenues	<u>264,944</u>
 <b>Expenditures:</b>	
Current--public safety-fire:	
Personal Services	26,101
Materials and supplies	65,249
General and administrative	19,637
Capital Outlays	8,926
Debt service:	
Principal payments	51,209
Interest expense	2,671
Total Expenditures	<u>173,793</u>
 <b>Excess of Revenues over Expenditures</b>	<u>91,151</u>
Fund balances, beginning of year	229,014
Restate fund balance to exclude prior year long-term liabilities	51,209
Fund balances, end of year	<u>\$ 371,374</u>

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**  
**Stonewall, 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, 2007

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

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 91,151
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds:	
Capital outlays (\$8,926) is less than depreciation expense (\$64,555)	(55,629)
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	<u>51,209</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$ 86,731</u>

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2007

**INTRODUCTION**

DeSoto Parish Fire Protection District No. 3 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on July 22, 1987. 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, two members by the Town of Stonewall, and one, the chairman, by the other four members. The Fire District is responsible for maintaining and operating five fire stations and related equipment, and providing fire protection and rescue services to approximately 7,200 residents in the northern part of the parish. The Fire District is staffed by one full-time employee, one part-time employee, and about 45 volunteers.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the DeSoto Parish Fire Protection District No. 3 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.

## DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2007

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 of significance of the relationship.

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 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.

The major governmental fund of the Fire District is described below:

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.

Program Revenues. Program revenues in the Statement of Activities (Statement B) are receipts from a service charge assessed property owners; program revenues reduce the cost of the function to be financed from the district's general revenues.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. The government funds use the following practices in recording revenues and expenditures:

Revenues. Property assessments are recognized in the year in which the assessments are billed. Interest income on time and demand deposits are recorded monthly when the interest is earned and credited to the account.

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

**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
Office equipment	3 years

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

**NOTES TO THE FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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) laws 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.

**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 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**

Employees are granted from one to three 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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

be accumulated to a maximum of 25 days. At December 31, 2007, 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 current-year expenditure in the General Fund when leave is actually taken.

**H. ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The Fire District recognizes uncollectible service charge receivables as bad debts through the establishment of an allowance account. The allowance is based on the average percentage of uncollected accounts in the past seven years.

**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, 2007, the Fire District has cash and cash equivalents totaling \$107,631 (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, 2007, these deposits are secured from risk by \$108,837 (bank balance) of federal deposit insurance and \$55,675 in pledged securities at market value.

**3. CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2007 are as follows:

<u>Governmental Activities</u>	<u>Balance 1/1/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2007</u>
Vehicles	\$ 771,099	\$ -	\$ -	\$ 771,099
Buildings	179,758	-	-	179,758
Firefighting Equipment	146,706	8,926	-	155,631
Office Equipment	13,491	-	(3,150)	10,341
Land	11,450	-	-	11,450
<b>Total</b>	<b>1,122,503</b>	<b>8,926</b>	<b>(3,150)</b>	<b>1,134,579</b>
Less Accumulated Depreciation				
Vehicles	444,150	43,857	-	488,007
Buildings	73,255	5,071	-	78,326
Firefighting Equipment	62,681	10,218	-	72,899
Office Equipment	652	5,409	(3,150)	2,911
Land	-	-	-	-
<b>Total</b>	<b>580,738</b>	<b>64,555</b>	<b>(3,150)</b>	<b>642,143</b>
<b>Capital Assets, Net</b>	<b>\$ 541,765</b>	<b>\$ (55,629)</b>	<b>\$ -</b>	<b>\$ 486,136</b>

Depreciation expense of \$64,555 was charged to the public safety function.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2007

**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, 2007.

**5. LITIGATION**

There is no litigation pending against the Fire District, at December 31, 2007, 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. The attorney for the District is the brother to one of the commissioners. The attorney was retained prior to the commissioner being appointed to the Board. The attorney was paid \$2,611 for the year.

**7. LEVIED FEES/RECEIVABLES**

As per Louisiana RS 40:1502, the Fire District annually levies a service charge of \$100 to persons owning assessed property located within its boundaries. The resolution assessing the service charges was approved by the district voters December 2, 1997, for the charges to commence January 1, 1999 for a period of ten years. The assessment is to cover the cost of the purchase of fire protection equipment and the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes.

The assessment calendar:

Assessment and levy date	January 1, 2007
Bills mailed	February 1, 2007
Total service charges due	upon receipt
Lien date	not applicable

The Fire District assessed \$206,665 in service charges in 2007, and recognized \$207,490 in revenue.

The service charge receivables at December 31, 2007 are as follows:

Service charge fees receivable	\$ 301,888
Allowance for doubtful accounts	(44,914)
Receivables	<u>256,974</u>

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2007

**8. LEASE AGREEMENTS**

Desoto Parish Fire District Three has the following lease agreements:

- 40-year lease commencing April 1, 1990 with North DeSoto Water System to provide water to the Fire District. Annual payment due of \$1
- 25-year lease commencing April 1, 1990 with Town of Stonewall to lease the land at 5200 Hwy. 3276 on which Central Station is located. Annual payment due of \$1.
- 99-year lease (or as long as the Fire District exists) commencing October 1, 1990 with James U. Burford to lease the land at 2426 Hwy. 171 for Station 2. Annual payment due of \$1.

**9. RETIREMENT COMMITMENTS**

All employees of the DeSoto Parish Fire Protection District No. 3 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, 2007, amount to \$1,851.

**10. LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended December 31, 2007:

Long-term debt payable December 31, 2006	\$	57,424
New debt issued		-
Less, payments made during the year		(51,209)
Due within one year		(6,215)
Long-term debt payable December 31, 2007	\$	<u>0</u>

The Fire District entered into a four-year capital lease with Hibernia National Bank Leasing dated September 16, 2003, for a 1992 GMC truck and a 1987 FEMO truck. The lease calls for annual principal payments of \$47,224 with interest paid annually at a rate of 3.948 percent.

The Fire District entered into a three-year equipment finance agreement with Hibernia National Bank Leasing, dated January 6, 2007, for a 180 ft Communication Tower on Red Bluff Road. The agreement calls for annual principal payments of \$6,653 with interest paid annually at a rate of 6.808 percent.

The annual requirements to amortize the debt at December 31, 2007, are as follows:

<u>Year ending</u>	<u>Pricipal</u>	<u>Interest</u>
2008	\$ 6,215	\$ 438
Total	<u>6,215</u>	<u>438</u>

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2007

**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. 3**  
**Stonewall, 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, 2007

	Budgeted Amounts		Actual	Budget to Actual Positive(Negative)
	Original	Final		
<b>Revenues:</b>				
Assessment Charges	\$ 188,000	\$ 180,000	\$ 207,490	\$ 27,490
Fire insurance rebate	10,000	10,893	10,893	0
State grant	3,500	3,500	42,530	39,030
Other Revenues	0	2,510	367	(2,143)
Interest Earned	2,500	3,000	3,664	664
Total Revenues	<u>184,000</u>	<u>199,903</u>	<u>264,944</u>	<u>65,041</u>
<b>Expenditures:</b>				
Current:				
Public—fire safety	116,680	103,780	91,349	12,431
General and administrative	13,050	16,300	19,637	(3,337)
Debt Service	48,000	47,226	53,881	(6,655)
Capital Outlay	3,000	7,102	8,926	(1,824)
Total Expenditures	<u>180,730</u>	<u>174,408</u>	<u>173,793</u>	<u>615</u>
Excess of Revenues over Expenditures	<u>3,270</u>	<u>25,495</u>	<u>91,151</u>	<u>65,656</u>
<b>Net Change in Fund Balance</b>		<u>25,495</u>	<u>91,151</u>	<u>65,656</u>
Fund Balances (Deficit) at Beginning of Year			229,014	
Restate fund balance to exclude prior year long-term liabilities			51,209	
Fund Balances (Deficit) at End of Year			<u>\$ 371,374</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. 3  
Stonewall, LA 71078

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. 3 and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about DeSoto Parish Fire Protection District No. 3's compliance with certain laws and regulations during the year ended December 31, 2007, 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.

None of the employees included on the list of employees provided by management (agreed-upon procedure No. 3) appeared on the list provided by management in agreed-upon procedure No. 2.

## **Budgeting**

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

Management provided me with a copy of the original budget. The budget was amended once during the year on November 6, 2007.

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

I traced the adoption of the original budget to the minutes of a meeting held on November 7, 2006, which indicated that the budget had been adopted by the commissioners of the Fire District by a vote of 4 in favor and 1 member absent.

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 expenditures and revenues for the year did not exceed actual amounts by more than 5%.

## **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 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. 3 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 2007.

## 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.

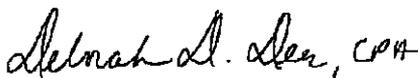
## Prior-Year Comments and Recommendations

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

My prior year report on compliance and internal control, dated June 26, 2007, 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. 3 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 19, 2008

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

April 30, 2008

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

In connection with your review of our financial statements as of December 31, 2007 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 April 30, 2008.

**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, reviewed, 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 [ ]

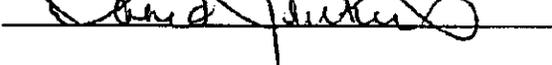
**Advances and Bonuses**

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	4/30/08	Date
	Treasurer	4/30/08	Date
	President	4/30/08	Date
	Fire Chief	4/30/08	Date