

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

LOGANSPOUT, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2013

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of DeSoto Parish Fire Protection District No. 1 (the District), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeSoto Parish Fire Protection District No. 1, as of December 31, 2013, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 and the budgetary comparison information on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 6, 2014 on my consideration of DeSoto Parish Fire Protection District No. 1's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeSoto Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

Marsha D. Melican

Certified Public Accountant
October 6, 2014

**DESOTO FIRE PROTECTION DISTRICT NO. 1
300 MARSHALL ROAD
LOGANSPOUR, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of DeSoto Parish Fire Protection District No. 1's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2013. Please read it in conjunction with the District's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

The District had net position of \$2,705,469 at year end which represents an increase from the prior year of \$341,131.

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 Position, Statement of Revenues, Expenses, and Changes in Net Position 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 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position report the District's net position and changes in them. You can think of the District's Net Position, 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 position is one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF THE ENTITY

Net Position

Net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$2,705,469 as of December 31, 2013.

The District's major assets are its fixed assets of \$1,425,417 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 \$283,837 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 Protection District No. 1's Net Position December 31,

	2013	2012
Current and other assets	\$ 1,574,361	\$ 1,377,183
Capital assets	1,425,417	1,338,839
Total Assets	<u>2,999,778</u>	<u>2,716,022</u>
Deferred outflow of resources	-	-
Current liabilities	66,921	67,848
Noncurrent liabilities	227,388	283,836
Total liabilities	<u>294,309</u>	<u>351,684</u>
Deferred inflow of resources	-	-
Invested in capital assets, net of related debt	1,141,580	999,053
Reserved	-	-
Unreserved	1,563,889	1,365,285
Total net position	<u>\$ 2,705,469</u>	<u>\$ 2,364,338</u>

Changes in Net Position

The District's net position increased by \$341,131 or 14% during the year ended December 31, 2013. Approximately 94% (\$1,394,820) of the District's total revenue was derived through property taxes.

Expenses incurred by the District are primarily for the provision of fire protection and emergency medical treatment to the citizens of the District. Approximately 57% (\$655,925) of the District's expenses are for salaries and related payroll taxes and employee benefits.

In 2013, revenue exceeded expenses, resulting in an increase in net position of \$341,131.

**DeSoto Parish Fire Protection District No. 1's Changes in Net Position
For the Year Ended December 31,**

	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Intergovernmental	\$ 69,808	\$ 69,249
General revenues:		
Property taxes	1,394,820	1,151,021
Other	<u>17,539</u>	<u>2,177</u>
Total revenues	<u>1,482,167</u>	<u>1,222,447</u>
Expenses:		
Public safety - fire protection	1,128,999	1,067,772
Interest on long-term debt	<u>12,037</u>	<u>9,231</u>
Total expenses	<u>1,141,036</u>	<u>1,077,003</u>
Increase (Decrease) in net position	<u>\$ 341,131</u>	<u>\$ 145,444</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 \$1,544,102.

Of the total fund balance at year end, \$1,451,352 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 \$238,351 during 2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.).

The District's budget was not amended during 2013.

Actual expenditures were \$91,363 more than budgeted. Actual revenues were \$229,914 more than budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2013 totaled \$3,497,384 net of accumulated depreciation of \$2,071,967, leaving a book value of \$1,425,417. This investment in capital assets includes fire stations (land, buildings and improvements), fire trucks, emergency response vehicles, fire fighting and rescue equipment, office equipment and furniture (equipment and furniture).

Actual costs to purchase capital assets were \$335,545 for the year. Depreciation charges for the year totaled \$236,898.

Debt Administration

The District reduced its long term debt by \$55,939 during the year ended December 31, 2013.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended December 31, 2014 was prepared.

Revenues are expected to stay consistent for 2014.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the DeSoto Parish Fire Protection District No. 1 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. Jack Canton, Fire Chief, Desoto Parish Fire Protection District No. 1, 300 Marshall Road, Logansport, Louisiana or by calling (318) 697-5150.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Statement of Net Position

December 31, 2013

ASSETS	
Current Assets	
Cash	\$ 180,726
Ad valorem taxes receivable	1,300,885
Prepaid insurance	<u>92,750</u>
Total Current Assets	<u>1,574,361</u>
Noncurrent Assets	
Capital Assets, net	<u>1,425,417</u>
Total Noncurrent Assets	<u>1,425,417</u>
Total Assets	<u>2,999,778</u>
Deferred Outflow of Resources	<u>-</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable and accruals	10,472
Current portion of long term debt	<u>56,449</u>
Total Current Liabilities	<u>66,921</u>
Long Term Liabilities	
Long term debt	<u>227,388</u>
Total Liabilities	<u>294,309</u>
Deferred Inflow of Resources	<u>-</u>
Net Position	
Invested in capital assets, net of related debt	1,141,580
Unreserved	<u>1,563,889</u>
Total Net Position	<u>\$ 2,705,469</u>

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Statement of Activities
For the Year Ended December 31, 2013

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Operating Grants</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental Activities:				
Public safety-fire protection	\$ 1,128,999	\$ -	\$ -	\$ (1,128,999)
Interest on long term debt	12,037	-	-	(12,037)
Total Governmental Activities	\$ 1,141,036	\$ -	\$ -	\$ (1,141,036)
General Revenues:				
Taxes				
Ad valorem taxes				1,394,820
State fire insurance rebate				15,557
State revenue sharing				3,751
State supplemental pay				50,500
Miscellaneous				17,539
Total General Revenues				1,482,167
Change in Net Assets				341,131
Net Position, beginning of year				2,364,338
Net Position, end of year				\$ 2,705,469

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

**Balance Sheet
Governmental Fund
December 31, 2013**

ASSETS	
Cash	\$ 180,726
Ad valorem taxes receivable	1,300,885
Prepaid insurance	<u>92,750</u>
Total Assets	<u>\$ 1,574,361</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accruals	\$ 10,472
Deferred taxes	<u>19,787</u>
Total Liabilities	<u>30,259</u>
Fund Balance	
Nonspendable	
Prepaid Insurance	92,750
Unassigned	<u>1,451,352</u>
Total Fund Balance	<u>1,544,102</u>
 Total Liabilities and Fund Balances	 <u>\$ 1,574,361</u>

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

**Reconciliation of Governmental Fund Balance
to Net Position of Governmental Activities on the Statement of Net Position**

Year Ended December 31, 2013

Fund Balances - Total Governmental Funds **\$ 1,544,102**

**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 **\$ 3,497,383**
Deduct: Accumulated Depreciation **(2,071,966)**

**Deferred revenues are reported in the governmental funds but
not in the Statement of Net Position** **19,787**

**Certain liabilities, such as certificates of indebtedness, are
not due and payable in the current period and therefore are
not reported in the funds.** **(283,837)**

Net Position of Governmental Activities **\$ 2,705,469**

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Revenues:	
Ad valorem taxes	\$ 1,434,567
Intergovernmental revenues:	
State fire insurance rebate	15,557
State revenue sharing	3,751
State supplemental pay	50,500
Grants	-
Miscellaneous	<u>17,539</u>
Total Revenues	<u>1,521,914</u>
Expenditures:	
Current:	
Fire protection	1,215,587
Debt service:	
Principal	55,939
Interest	<u>12,037</u>
Total Expenditures	<u>1,283,563</u>
Net changes in fund balance before other financial sources	238,351
Other financing sources:	
Proceeds from debt	<u>-</u>
Net changes in fund balance	238,351
Fund Balances, Beginning of Year	<u>1,305,751</u>
Fund Balances, End of Year	<u>\$ 1,544,102</u>

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

**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, 2013**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 238,351
 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 (\$335,645) exceeds depreciation (\$236,898)	 98,647
 Other transactions regarding fixed assets	 (12,059)
 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 position	 -
 Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds	 (39,747)
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not result in an expense in the statement of activities.	 <u>55,939</u>
 Change in Net Position of Governmental Activities	 <u>\$ 341,131</u>

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2013

INTRODUCTION

The DeSoto Protection Fire District No. 1 ("the District") was created by the DeSoto Parish Police Jury by ordinance as provided under the Louisiana Revised Statutes 40:1492. The District is a component unit of the DeSoto Parish Police Jury 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 resident 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 DeSoto Parish Police Jury, the financial reporting entity. The Police Jury 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 PROTECTION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2013

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position 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 Position 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 Position.

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 PROTECTION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2013

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

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

Restricted Net Position - Restricted net position are those for which a constraint has been imposed either externally or by law. Resources restricted for a specific purpose are exhausted before unrestricted net position is 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 PROTECTION DISTRICT NO. 1

Notes to Financial Statements
December 31, 2013

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 2013.

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 PROTECTION DISTRICT NO. 1

Notes to Financial Statements

December 31, 2013

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 Position. 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.

Governmental fund type receivables consist primarily of amounts due for property taxes and charges for service (structure fees and ambulance fees).

Net Position/Fund Balances

In the Statement of Net Position, the differences between a government's assets and liabilities are recorded as net position. The three components of net position 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 Position - This category records net position that is restricted by external sources such as banks or by law are reported separately as restricted net assets.

Unrestricted Net Position - This category represents net position 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:

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

Unassigned - This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Notes to Financial Statements
December 31, 2013

2. Funds on Deposit at Banks:

At December 31, 2013, the District has cash and cash equivalents (including petty cash of \$-0-) as follows:

	Bank Balances	Book Balances
Interest-bearing demand deposits	\$ 247,452	\$ 180,726

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. 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, 2013, all deposits were collateralized by FDIC insurance.

3. Ad Valorem Taxes and Structure Fees:

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, 2013, taxes of 17.7 mills were levied and dedicated to general maintenance. Total taxes levied were \$1,320,540. Taxes receivable at December 31, 2013 totaled \$1,300,885.

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 each residential or commercial structure. Total service charges levied at December 31, 2012 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. The District did not have any funds on deposit with LAMP during the year.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Notes to Financial Statements
December 31, 2013

5. **Receivables:**

A summary of receivables at December 31, 2013, follows:

	Receivable	Allowance Account	Net Receivable
Advalorem Taxes	\$ 1,300,885	\$ -	\$ 1,300,885
	<u>\$ 1,300,885</u>	<u>\$ -</u>	<u>\$ 1,300,885</u>

6. **Capital Assets:**

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Net Additions	Ending Balance
Government activities:			
Capital assets, not being depreciated - Land	\$ -	\$ -	\$ -
Capital assets, being depreciated:			
Buildings & improvements	478,412	50,178	528,590
Equipment & furniture	2,804,111	285,367	3,089,478
Equipment retirements	-	(120,684)	(120,684)
Total	<u>3,282,523</u>	<u>214,861</u>	<u>3,497,384</u>
Less accumulated depreciation			
Buildings & improvements	(152,839)	(16,688)	(169,527)
Equipment & furniture	(1,790,846)	(220,210)	(2,011,056)
Retirements	-	108,616	108,616
Total	<u>(1,943,685)</u>	<u>(128,282)</u>	<u>(2,071,967)</u>
Net capital assets	<u>\$ 1,338,838</u>	<u>\$ 86,579</u>	<u>\$ 1,425,417</u>

Total additions for the year ended December 31, 2013 were \$335,545.

Depreciation expense for the year ended December 31, 2013 was \$236,898.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Notes to Financial Statements
December 31, 2013

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 by state statute to contribute 10.0% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The employer contribution rate ranges from 24.00 % of annual covered payroll to 28.25%. 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, 2013, was \$98,896 based on eligible wages of \$390,849.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Notes to Financial Statements
December 31, 2013

9. Per Diem Paid to Commissioners:

No per diem was paid to Commissioners for the year ended December 31, 2013.

10. Long-Term Obligations:

Changes in long-term debt are as follows:

		<u>Capital Leases</u>
Beginning of year		\$ 339,776
New debt issued		-
Principal Payments		<u>(55,939)</u>
Total debt		283,837
Due within one year		<u>(56,449)</u>
Long term debt		<u>227,388</u>

Maturities of notes payable are as follows:

Year Ending	Principal	Interest	Total
2014	\$ 57,079	\$ 10,908	\$ 67,987
2015	34,402	8,503	42,905
2016	35,692	7,213	42,905
2017	37,030	5,875	42,905
2018	37,986	4,920	42,906
2019 and After	81,648	4,163	85,811
Total	<u>\$ 283,837</u>	<u>\$ 41,582</u>	<u>\$ 325,419</u>

The District entered into an 8 year capital lease dated January 4, 2007, for an International Truck. The lease calls for annual principal payments of \$19,034 to \$23,944 with interest paid annually at a rate of 5.673 percent.

The District entered into an 8 year capital lease dated March 1, 2012 for a Fire Truck. The lease calls for annual principal payments of \$31,835 to \$41,199 with interest paid annually at a rate of 3.750 percent.

11. On-Behalf Payments for Fringe Benefits and Salaries:

Supplemental salary payments are made by the State directly to certain firemen employed by the District. GASB Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditures by an employer government entity. In accordance with this statement, \$50,500 has been recognized as both intergovernmental revenue (state supplemental pay) and salaries in the General Fund.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

**Notes to Financial Statements
December 31, 2013**

12. *Subsequent Events:*

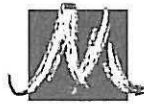
Management has evaluated subsequent events through October 6, 2014, the date the financial statements were available to be issued and determined that no additional disclosures are warranted.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

General Fund
For the Year Ended December 31, 2013

	<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	\$ 1,221,000	\$ 1,221,000	\$ 1,434,567	\$ 213,567
Intergovernmental				
State fire insurance rebate	12,000	12,000	15,557	3,557
State revenue sharing	4,000	4,000	3,751	(249)
State supplemental pay	25,000	25,000	50,500	25,500
Grants	-	-	-	-
Miscellaneous	30,000	30,000	17,539	(12,461)
Total revenues	<u>1,292,000</u>	<u>1,292,000</u>	<u>1,521,914</u>	<u>229,914</u>
Expenditures:				
Current fire protection:				
Personal services	700,000	700,000	655,925	44,075
Operating services	412,700	412,700	217,073	195,627
Materials & supplies	10,500	10,500	7,053	3,447
Capital outlay	-	-	335,545	(335,545)
Total fire protection	<u>1,123,200</u>	<u>1,123,200</u>	<u>1,215,596</u>	<u>(92,396)</u>
Debt service	69,000	69,000	67,967	1,033
Total expenditures	<u>1,192,200</u>	<u>1,192,200</u>	<u>1,283,563</u>	<u>(91,363)</u>
Excess Revenues				
Over Expenditures before other financing sources	99,800	99,800	238,351	138,551
Other Financing Sources:				
Proceeds from debt	-	-	-	-
Excess of Revenues over Expenditures	<u>99,800</u>	<u>99,800</u>	<u>238,351</u>	<u>138,551</u>
Fund Balances, Beginning	<u>1,305,751</u>	<u>1,305,751</u>	<u>1,305,751</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,405,551</u>	<u>\$ 1,405,551</u>	<u>\$ 1,544,102</u>	<u>\$ 138,551</u>

The budget was not amended in 2013.



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S 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

To the Board of Commissioners
DeSoto Parish Fire Protection District No. 1

I have audited, in accordance with the 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, the financial statements of the governmental activities of DeSoto Parish Fire Protection District No. 1, as of and for the year then ended December 31, 2013, and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 6, 2014.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered DeSoto Parish Fire Protection District No. 1's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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.

A deficiency in internal control exists when the design or operation 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 significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may that exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weakness may exist that have not been identified. I did identify a certain deficiency in internal control described in the accompanying schedule of findings that I consider to be a significant deficiency and is listed as Finding #2013-1.

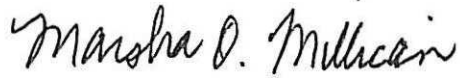
Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeSoto Parish Fire Protection District No. 1'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are reported in the accompanying schedule of findings as Findings#2013-2, #2013-3, and #2013-4.

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant
October 6, 2014

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Corrective Action Taken on Prior Year Findings
Year Ended December 31, 2013

FINDING 2012-1:

Condition: Lack of adequate documentation to support credit card charges.

Status: Unresolved.

FINDING 2012-2:

Condition: Violation of State Audit Requirements.

Status: Unresolved.

FINDING 2012-3:

Condition: Violation of Local Government Budget Act.

Status: Unresolved.

FINDING 2012-4:

Condition: Violation of the Open Meetings Law as it Pertains to Minutes.

Status: Unresolved.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

**Schedule of Findings
Year Ended December 31, 2013**

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. One significant deficiency in internal accounting control was disclosed during the audit.
3. Three instances of noncompliance material to the financial statements were disclosed during the audit.

FINDING 2013-1: Documentation for charges to credit cards is inadequate.

CRITERIA:

Charges to credit card statements are not properly supported with receipts or other appropriate documentation.

EFFECT: The business purpose of charges to the credit card is not clearly documented.

CAUSE: Unknown.

RECOMMENDATION: I recommend the District obtain receipts to support the business purpose of all charges to the District's credit card.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We agree with the finding. We will obtain receipts to support charges to the District's credit card in the future.

FINDING 2013-2: The District did not file its financial statements with the Legislative Auditor within the time frame required by state law.

CRITERIA: Louisiana Revised Statute 24:513 requires the District to file its annual financial statements with the Legislative Auditor within six months after the end of the fiscal year.

EFFECT: The District is not in compliance with state law.

CAUSE: When our auditor began fieldwork, it was realized that additional bookkeeping was required to correct the accounting records. More time was required to complete the bookkeeping in order to have complete and accurate accounting records for the audit to begin.

RECOMMENDATION: I recommend the District comply with L.R.S. 24:513.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We agree with the finding. We will comply with L.R.S. 24:513 in the future.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Schedule of Findings(Continued)
Year Ended December 31, 2013

FINDING 2013-3: The District is not in compliance with the Local Government Budget Act.

CRITERIA: Budgeted expenditures exceeded actual expenditures by 5% or more. The District did not amend the budget as required by state law.

EFFECT: The District is not in compliance with state law.

CAUSE: The District did not budget capital outlay expenditures.

RECOMMENDATION: I recommend the District comply with the Local Government Budget Act.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We agree with the finding. We will comply with the Local Government Budget Act in the future.

FINDING 2013-4: Minutes maintained for Board of Commissioners meetings are inadequate. Minutes were not published for the months of February, July, August, November, and December meetings. Minutes that were published were not published on a timely basis.

CRITERIA: Louisiana Revised Statute 42:20 requires written minutes to contain substance of the matters brought before the Board of Commissioners and how issues are resolved from one meeting to the next. Louisiana Revised Statute 43:144 requires minutes to be published within ten days from the date of any meeting at which official proceedings were held.

EFFECT: The District is not in compliance with state law.

CAUSE: Unknown.

RECOMMENDATION: I recommend the District comply with L.R.S. 42:20 and L.R.S. 43:44.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We agree with the finding. We will comply with L.R.S. 42:20 and L.R.S. 43:44 in the future.