

**Caddo Parish Fire District Number Three
Greenwood, Louisiana**

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2011

Caddo Parish Fire District Number Three
Greenwood, Louisiana

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Independent Auditors' Report

Board of Commissioners
Caddo Parish Fire District Number Three
Greenwood, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major fund of Caddo Parish Fire District Number Three, a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Caddo Parish Fire District Number Three's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

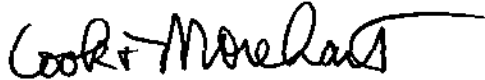
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Caddo Parish Fire District Number Three as of December 31, 2011, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2012, on our consideration of Caddo Parish Fire District Number Three's internal control over financial reporting and our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 21 – 22 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Caddo Parish Fire District No. 3 has not presented management's discussion and analysis, which is supplementary information required by accounting principles generally accepted in the United States of America, but is not a required part of the basic financial statements.



Cook & Morehart
Certified Public Accountants
May 25, 2012

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Net Assets
December 31, 2011

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 210,025
Investments	645,696
Accounts receivable:	
Ad valorem taxes	1,403,051
Assessment - service charge	189,255
Other	13,204
Prepaid expenses	23,347
Deferred bond issuance costs, net of accumulated amortization	4,983
Capital assets (net)	988,350
Total assets	3,477,911
LIABILITIES	
Accounts payable and accrued expenses	58,742
Long-term liabilities:	
Due within one year	234,742
Due in more than one year	266,000
Total liabilities	559,484
NET ASSETS	
Investment in capital assets, net of related debt	579,350
Unrestricted	2,339,077
Total net assets	\$ 2,918,427

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Activities
For the Year Ended December 31, 2011

	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Functions / Programs:					
Governmental Activities					
Public safety - fire protection	\$ 1,847,615	\$ 209,948	\$ 4,181	\$ 17,819	\$ (1,615,667)
Interest on long-term debt	17,456				(17,456)
Total governmental activities	<u>1,865,071</u>	<u>209,948</u>	<u>4,181</u>	<u>17,819</u>	<u>(1,633,123)</u>
General revenues:					
Assessment - service charge					205,474
Ad valorem taxes					1,416,351
Interest income					41,475
State revenue sharing					27,520
Fire insurance rebate					25,034
Miscellaneous					79,987
Total general revenues					<u>1,795,841</u>
Change in net assets					162,718
Net assets - beginning					2,755,709
Net assets - ending					<u>\$ 2,918,427</u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Balance Sheet
Governmental Funds
December 31, 2011

	General Fund
Assets	
Cash	\$ 210,025
Investments	645,696
Accounts receivable	
Ad valorem taxes	1,403,051
Assessment - service charge	189,255
Other	13,204
Total assets	\$ 2,461,231
Liabilities	
Accounts payable and accrued expenses	\$ 53,886
Deferred revenue	115,287
Total liabilities	169,173
Fund balance	
Unassigned	2,292,058
Total liabilities and fund balance	\$ 2,461,231

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Assets
December 31, 2011

Fund balances - total governmental funds	\$ 2,292,058
 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 governmental funds.	988,350
Long-term liabilities, including compensated absences and interest payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(505,598)
Some receivables are not available to pay for current - period expenditures and therefore are deferred in the governmental funds.	115,287
Governmental funds report the effects of debt issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.	4,983
The nonallocation method of accounting for prepayment is used in the fund statements, since the prepayment does not provide expendable financial resources.	<u>23,347</u>
Net assets of governmental activities	<u><u>\$ 2,918,427</u></u>

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2011

	General Fund
Revenues	
Ad valorem taxes	\$ 1,412,119
Service charge assessment	202,562
Charges for services - transport fees	209,948
Intergovernmental revenue:	
State revenue sharing	27,520
Fire insurance rebate	25,034
Other state grant	8,000
Interest income	41,475
Miscellaneous	79,987
Total revenues	2,006,645
Expenditures	
Current - fire protection	1,634,556
Capital outlay	46,942
Debt service:	
Principal	138,000
Interest, fees and charges	17,036
Total expenditures	1,836,534
Change in fund balance	170,111
Fund balance at beginning of year	2,121,947
Fund balance at end of year	\$ 2,292,058

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, 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, 2011

Net change in fund balances - total governmental funds	\$ 170,111
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$46,942 are exceeded by depreciation \$172,244 in the current period.</p>	(125,302)
<p>The net effect of transactions involving contributed/donated capital assets is to increase net assets.</p>	14,000
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net assets.</p>	
Principal payments on long-term debt	138,000
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendible financial resources.</p>	(5,983)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Compensated absences	(34,832)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	7,144
<p>Interest on long-term debt in statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, however, interest expense is recognized as the interest accrues in the statement of net assets.</p>	1,645
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar item when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for amortization of bond issue costs.</p>	(2,065)
Change in net assets of governmental activities	\$ 162,718

See accompanying notes to the basic financial statements.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011

INTRODUCTION

The Caddo Parish Fire District Number Three was created by resolution of the Caddo Parish Commission on April 11, 1984, to purchase and maintain fire equipment and to provide fire protection for the people of Caddo Parish Fire District Number Three. The District is governed by a board of commissioners consisting of 5 members: 2 members are appointed by the Caddo Parish Commission; 2 members are appointed by the Mayor and Board of Aldermen of Greenwood; and one member, who is the chairman, is appointed by the other 4 board members. Members serve two year terms and receive no compensation for their services.

(1) Summary of Significant Accounting Policies

The Caddo Parish Fire District Number Three's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). 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. The more significant accounting policies established in GAAP and used by the Caddo Parish Fire District Number Three are discussed below.

A. Reporting Entity

Because the Caddo Parish Commission appoints two members of the governing board and because the District operates within the geographical boundaries of Caddo Parish, The District was determined to be a component unit of the Caddo Parish Commission, the governing body of the parish and the governmental body with oversight responsibility. This report includes only funds and account groups which are maintained by the District and does not present information on the Caddo Parish Commission, the general government service provided by that governmental unit, or the other governmental units that comprise the Commission.

B. Basic Financial Statements – Government-Wide Statements

The Caddo Parish Fire District Number Three's basic financial statements include both government-wide (reporting the funds maintained by the Caddo Parish Fire District Number Three as a whole) and fund financial statements (reporting the Caddo Parish Fire District Number Three's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Caddo Parish Fire District Number Three's general fund is classified as governmental activities. The Caddo Parish Fire District Number Three does not have any business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Caddo Parish Fire District Number Three's net assets are reported in two parts – invested in capital assets (net of related debt), and unrestricted net assets.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Caddo Parish Fire District Number Three's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of transport fees billed to insurance companies and individuals, and a grant from the Louisiana Hospital Association. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Caddo Parish Fire District Number Three as an entity and the change in the Caddo Parish Fire District Number Three's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Caddo Parish Fire District Number Three are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Caddo Parish Fire District Number Three:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Caddo Parish Fire District Number Three:

- a. General fund is the general operating fund of the Caddo Parish Fire District Number Three. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The district's general fund was determined to be a major fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

Revenues of the Caddo Parish Fire District Number Three consist principally of property taxes, service charges on property, transport fees collected from billings, grants, other intergovernmental revenues, and interest income. Property taxes and service charges are recorded in the year in which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Interest income is recorded when earned. Transport fees, grants, and other intergovernmental revenues are recorded when received because they are generally not measurable until actually received.

2. *Modified Accrual:*

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. *Budgets*

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for the general fund. One amendment was made to the 2011 budget.

F. *Cash, Cash Equivalents, and Investments*

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

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. 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 expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	24 – 37 years
Equipment	3 – 33 years

H. Deferred Bond Issuance Costs

In conjunction with the issuance of certificate of indebtedness for capital asset purchases, bond issuance costs were incurred. These costs are capitalized in the government-wide financial statements and amortized on a straight line basis over the term of the new bond issue. Included in interest expense for the year ended December 31, 2011 was amortization of \$2,065.

I. Deferred Revenue

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

J. Compensated Absences

The district has the following policy relating to vacation and sick leave:

After one year of service, fireman earn from 18 to 28 days of annual leave each year, depending on their length of service. Annual leave must be taken in the year earned. Unused annual leave cannot be accumulated. Upon termination, employees are paid for any earned but unused annual leave in the year of termination. The current portion of compensated absences payable (the amount estimated to be used during the period of availability) is recorded as a liability in the fund financial statements. The entire balance of compensated absences payable is recognized as a liability in the government-wide financial statements. The non-current portion represents a reconciling item between the fund and government-wide statements.

Each full-time employee is entitled to full pay during sickness or incapacity not brought about by his or her own negligence or culpable indiscretion, for a period of not less than 52 weeks, during any calendar year.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

K. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

L. Assessment – Service Charge

A primary revenue source is the service charge fee assessed by the District. The District is authorized to levy a fee not to exceed \$50.00 per year to assess persons owning each residential or commercial structure located wholly or partly within the boundaries of said District.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balances

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's board of commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's board of commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's board of commissioners have the authority to assign amounts to be used for specific purposes.
5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

O. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(2) Levied Taxes

The following is a summary of authorized and levied as valorem taxes:

	Authorized Millage	Levied Millage	Expiration Date
Operating	15.52	15.52	2019

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(3) Cash, Cash Equivalents, and Investments

At December 31, 2011, the District had cash, cash equivalents and investments (book balances), totaling \$855,721 as detailed below.

A. Cash, Cash Equivalents, and Investments

The District had cash and cash equivalents at December 31, 2011 (book balances) totaling \$210,025 in interest bearing demand deposits and money market accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

At December 31, 2011, the District had investments totaling \$645,696 as follows:

Government backed mortgage securities	\$ 73,689
Certificates of deposit	510,906
Cash and money market funds	<u>61,101</u>
	<u>\$ 645,696</u>

At December 31, 2011, the District had investments totaling \$73,689 consisting of U.S. Government backed mortgage securities. The market value of this particular type of investment is not materially different from its carrying amount. The investments are in the name of the District and are held by the District's fiscal agent.

The certificates of deposits have initial maturities greater than 90 days and are carried at cost, which approximates market. Cash and money market funds are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depository institution failure, the government's deposits may not be returned to it. As of December 31, 2011, the District's bank balances totaling \$726,058 were not exposed to custodial credit risk and were insured by the FDIC.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(4) Capital Assets

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

	Balance at Jan. 1, 2011	Additions	Deletions	Balance at Dec. 1, 2011
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 74,350	\$	\$	\$ 74,350
Capital assets, being depreciated:				
Buildings	522,473			522,473
Equipment	2,119,554	60,942		2,180,496
Total capital assets, being depreciated at historical cost	2,642,027	60,942		2,702,969
Less accumulated depreciation:				
Buildings	(299,089)	(17,494)		(316,583)
Equipment	(1,317,636)	(154,750)		(1,472,386)
Total accumulated depreciation	(1,616,725)	(172,244)		(1,788,969)
Governmental activities capital assets, net	\$ 1,099,652	\$ (111,302)	\$	\$ 988,350

Depreciation expense for the year ended December 31, 2011, was \$172,244.

(5) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(6) Retirement Systems

Louisiana Firefighters Retirement System

Certain employees of the District are members of the Louisiana Firefighters Retirement System(System), a cost sharing multi-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 prior to 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 age 50 with at least 20 years of *creditable service*. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of credible service, not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive months or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after 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 by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The 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.

Plan members were required by state statute to contribute 8.0 per cent, through June 30, 2011 and 10.00% effective July 1, 2011, of their annual covered salary and the District is required to contribute at an actuarially determined rate. The District's rate was 23.25% from July, 2011 through December, 2011. The District's rate was 21.50% from January, 2011 through June, 2011. The contribution requirements of plan members and the District are established and may be amended by 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.

Contributions to the retirement system for the years ended December 31, 2011, 2010 and 2009 were \$208,977, \$155,940, and \$111,476, respectively.

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(7) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Certificate of Indebtedness:					
Certificates of Indebtedness, Series 2003	\$ 109,000	\$	\$ (35,000)	\$ 74,000	\$ 36,000
Certificates of Indebtedness, Series 2003A	164,000		(53,000)	111,000	55,000
<i>Certificates of Indebtedness,</i> Series 2005	<u>274,000</u>		<u>(50,000)</u>	<u>224,000</u>	<u>52,000</u>
Total Certificates of Indebtedness	<u>547,000</u>		<u>(138,000)</u>	<u>409,000</u>	<u>143,000</u>
Other long-term liabilities:					
Compensated Absences	<u>62,588</u>	<u>37,182</u>		<u>99,770</u>	<u>99,770</u>
Total other long-term liabilities	<u>62,588</u>	<u>37,182</u>		<u>99,770</u>	<u>99,770</u>
Governmental Activities long-term liabilities	<u>\$ 609,588</u>	<u>\$ 37,182</u>	<u>\$ (138,000)</u>	<u>\$ 508,770</u>	<u>\$ 242,770</u>
Less amounts due within period of availability-recorded in accounts payable				<u>(8,028)</u>	<u>\$ (8,028)</u>
Total long-term liabilities, government-wide statements				<u>\$ 500,742</u>	<u>\$ 234,742</u>

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

Certificates of indebtedness at December 31, 2011 are comprised of the following individual issues:

Series 2003, original amount \$272,000 for acquiring equipment; refunding a portion of series 1999 and series 2000; trucks and costs of issuance due in annual installments of \$11,000 to \$38,000 through March 1, 2013; interest rate of 3.63%; repayment of debt is paid from the operating ad valorem tax levied by the District.	\$ 74,000
Series 2003A, original amount \$425,000 for acquiring equipment, fire facilities and costs of issuance due in annual installments of \$35,000 to \$56,000 through March 1, 2013; Interest rate of 3.60%; repayment of debt is paid from the operating ad valorem levied by the District.	111,000
Series 2005, original amount \$425,000 for acquiring, constructing and/or improving the fire protection facilities and purchasing fire fighting equipment and costs of issuance, due in annual installments of \$27,000 to \$60,000 through March, 2015; Interest rate 3.52%; repayment of debt is paid from the operating ad valorem tax levied by the District.	224,000
	\$ 409,000

Debt service requirements at December 31, 2011, were as follows:

Fiscal Year	Certificate of Indebtedness		
	Principal	Interest	Total
2012	143,000	12,008	155,008
2013	149,000	6,784	155,784
2014	57,000	3,115	60,115
2015	60,000	1,056	61,056
	\$ 409,000	\$ 22,963	\$ 431,963

Interest expense in the statement of activities for the year ended December 31, 2011 was \$17,456.

(8) Accounts Payable and Accrued Expenses

Accounts payable at December 31, 2011 consisted of the following:

Accounts payable	\$ 10,375
Payroll liabilities	35,483
Compensated absences	8,028
Total fund statements	53,886
Accrued interest payable	4,856
Total government-wide statements	\$ 58,742

(Continued)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Financial Statements
December 31, 2011
(Continued)

(9) Operating Lease

The District leases certain equipment under an operating lease. Payments during 2011 on this lease totaled \$1,650. Future minimum lease payments for this lease are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2012	\$ 1,800
2013	1,800
2014	1,800
2015	1,800
2016	150
	<u>\$ 7,350</u>

(10) New Accounting Standard

Effective January 1, 2011, the District implemented the following GASB statement: GASB Statement No. 54, "Fund Balance Reporting and Government Fund Type Definitions." GASB 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Additionally, the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in the Statement.

(11) Subsequent Events

Subsequent events have been evaluated through May 25, 2012, the date the financial statements were available to be issued.

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 1,280,740	\$ 1,314,370	\$ 1,319,182	\$ 4,812
Service charge - assessment	194,190	200,585	204,133	3,548
Charges for services - transport fees	165,000	215,100	209,220	(5,880)
Grants	7,500	8,000	8,000	
State revenue sharing	25,600	27,050	27,520	470
Fire insurance rebate	24,000	25,035	25,034	(1)
Interest income	28,500	41,525	41,475	(50)
Miscellaneous	2,400	79,985	79,987	2
Total revenues	1,727,930	1,911,650	1,914,551	2,901
Expenditures				
Current - fire protection	1,568,659	1,610,951	1,640,551	(29,600)
Capital outlay	48,800	68,030	46,932	21,098
Debt service	155,040	155,040	155,036	4
Total expenditures	1,772,499	1,834,021	1,842,519	(8,498)
Excess (deficiency) of revenues over expenditures	(44,569)	77,629	72,032	(5,597)
Fund balance at beginning of year	783,689	783,689	783,689	
Fund balance at end of year	\$ 739,120	\$ 861,318	\$ 855,721	\$ (5,597)

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Notes to Required Supplementary Information
December 31, 2011

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2011 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ 72,032
Adjustments:	
Revenue accruals – net	110,370
Expenditure accruals – net	<u>(12,291)</u>
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ 170,111</u>

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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

Board of Commissioners
Caddo Parish Fire District Number Three

We have audited the financial statements of the governmental activities and the major fund of the Caddo Parish Fire District Number Three, as of and for the year ended December 31, 2011, which collectively comprise the Caddo Parish Fire District Number Three's basic financial statements, and have issued our report thereon dated May 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Caddo Parish Fire District Number Three is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Caddo Parish Fire District Number Three's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Caddo Parish Fire District Number Three's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Caddo Parish Fire District Number Three's internal control over financial reporting.

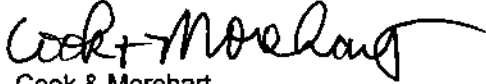
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Parish Fire District Number Three's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
May 25, 2012

Caddo Parish Fire District Number Three
Greenwood, Louisiana
Summary Schedule of Prior Audit Findings
December 31, 2011

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended December 31, 2010.

Current Year Audit Findings and Corrective Action Plan
Schedule For Louisiana Legislative Auditor
December 31, 2011

Current Year Audit Findings and Corrective Action Plan

There were no findings or management letter comments for the current year audit for the year ended December 31, 2011.