

**PARISHWIDE FIRE PROTECTION DISTRICT
EAST FELICIANA PARISH
STATE OF LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

JUNE 30, 2019

Minda B. Raybourn
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Parishwide Fire Protection District of East Feliciana Parish
Annual Financial Statements
AS of and for the Year Ended June 30, 2019
With Supplemental Information Schedules
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Member
AICPA

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LCPA

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
Parish-Wide Fire Protection District of
East Feliciana Parish, Louisiana
P O Box 8826
Clinton, LA 70722

I have audited the accompanying financial statements of the governmental-type activities of the Parish-Wide Fire Protection District of East Feliciana Parish, a component unit of the East Feliciana Parish Policy Jury, as of and for the year ended June 30, 2019, 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 opinions 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 opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental-type activities of the Parish-Wide Fire Protection District of East Feliciana Parish, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

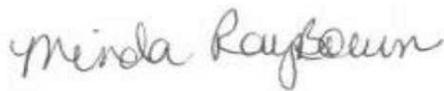
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required 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 Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parish-Wide Fire Protection District of East Feliciana Parish's basic financial statements. The schedule of compensation paid to board members and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other information listed herein are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 1, 2020, on my consideration of the Parish-Wide Fire Protection District of East Feliciana Parish's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Parish-Wide Fire Protection District of East Feliciana Parish's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA

Franklinton, LA

August 1, 2020

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
MANGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

This section presents management's overview and analysis of the financial activities of the organization for the fiscal year ended June 30, 2018. The Management's Discussion and Analysis (MD&A) describes the significant changes from the prior year that occurred in general operations and discusses activities during the year for capital assets and long term debt. The information presented here should be considered in conjunction with the financial statements taken as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the fiscal year of June 30, 2019 by \$3,727,988 (net position). The District's unrestricted net position of \$1,623,602 may be used to meet the District's ongoing obligations for fire protection for its citizens.
- For the year ended June 30, 2019, the District's net position increased \$438,288 after prior period adjustments.
- At June 30, 2019 the District reported in its governmental fund balance \$1,623,602 which represents a \$344,786 decrease for the year after prior period adjustments. Of this amount \$112,488 is unassigned and is available for use for fire protection.
- Property taxes and fire protection user fees increased \$236,131 for the year. Total taxes and fees were \$1,546,614 for the current fiscal year compared to \$1,310,483 for the prior year.
- Expenditures for the current fiscal year were \$1,263,855 compared to the prior year of \$1,052,806.
- Total long-term liabilities decreased \$159,478 due primarily due to lease and debt payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government wide financial statements* are designed to provide readers with a broad overview of the District's finances taken as a whole, in a manner similar to a business.

The *statement of governmental net position* presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of governmental activities* presents information showing how the District's net position changed during the year. The statement includes all of the District's revenues and expenses, regardless of when the cash is received or paid.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
MANGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

All of the District's activities in the government-wide financial statements are principally supported by the general District revenues such as property taxes and structural fees. The governmental activities reported in government-wide financial statements include general government activity, the fire protection and interest on long-term debt.

The government-wide financial statements use the full accrual basis of accounting method which records revenues when earned and expenses at the time the liability is incurred, regardless of when the related cash flows take place.

The government-wide financial statements are located on pages 14-15 of this report.

FUND FINANCIAL STATEMENTS

The *fund financial statements* report the District's operations in more detail than the government-wide financial statements and focus primarily on short-term activities of the District. The fund financial statements measure only current revenues and expenditures and fund balances; excluding capital assets, long-term debt, and other long-term obligations.

The fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resource and uses. Capital assets and other long-lived assets, along with long term liabilities, are not presented in the fund financial statements. These financial statements help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. I describe the relationship or differences between the government-wide and fund financial statements in a reconciliation following the fund financial statements.

The fund financial statements provide detailed information about each of the District's most significant funds called Major Funds. The District's Major Fund is the General Funds. The District currently has no non-major funds.

Comparisons of Budget and Actual financial information are presented for the General Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The *notes* provide additional information that is essential to the reader for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 22 of this report.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
MANGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presented required supplementary information concerning the budgetary comparison schedules presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

This analysis focuses on the net position and change in net position of the District's Governmental Activities. Over time, net position may serve as a useful indicator of a government's financial position. The District's net position is reported as follows:

**Summary of Net Position
Governmental Activities**

Assets	2019	2018	Difference	%
Current Assets	1,714,086	1,973,387	(259,301)	-13%
Capital Assets, Net	3,187,977	2,567,269	620,708	24%
Total Assets	4,902,063	4,540,656	361,407	8%
Liabilities				
Current Liabilities	284,506	201,909	82,597	41%
Noncurrent Liabilities	889,568	1,049,046	(159,478)	-15%
Total Liabilities	1,174,074	1,250,955	(76,881)	-6%
Net Position				
Net Investment in Capital Assets	2,104,387	1,321,314	783,073	59%
Unrestricted	1,623,602	1,968,387	(344,785)	-18%
Net Position	3,727,988	3,289,701	438,287	13%

Current assets decreased due to an increase in cash of \$182,342. Capital assets increased due to the purchase of various capital assets offset by depreciation. Noncurrent liabilities decreased due to principal payments of lease and debt agreements.

Approximately 56% of the District's net position reflects its investment in capital assets net of any outstanding related debts used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 44% of the District's net position is unrestricted and may be used to meet the District's ongoing obligations to its citizens. At the end of the fiscal year, the District was able to report positive balances in its sole category, governmental activities.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
MANGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Position. The narrative that follows describes the individual program expenses, program revenues, and general revenues in more detail.

**Summary of Changes in Net Position
Governmental Activities**

	2019	2018	Difference	%
Revenues				
Program Revenues:				
Capital Grants/Contributions	\$ 135,112	\$ -	\$ 135,112	100%
Operating Grants/Contributions	-	70,616	(70,616)	-100%
General Revenues:				
Property Taxes	1,173,369	941,799	231,570	25%
Fire Protecton Taxes	373,246	368,684	4,562	1%
Gain on Disposal	65,000	42,339	22,661	100%
Interest Earned	18,130	16,185	1,945	12%
Other	53,151	12,847	40,304	314%
Total Revenues	<u>1,818,006</u>	<u>1,452,470</u>	<u>365,536</u>	<u>25%</u>
Expenditures				
General Government	<u>1,263,855</u>	<u>1,052,806</u>	<u>211,049</u>	<u>20%</u>
Change in Net Position Before Transfers	<u>554,151</u>	<u>399,664</u>	<u>(281,665)</u>	<u>70%</u>
Transfers	<u>(115,863)</u>	<u>(148,154)</u>	<u>32,291</u>	<u>-22%</u>
Change in Net Position	438,288	251,510	186,778	74%
Net Position, Beginning Restated	3,289,701	3,038,191	251,510	8%
Net Position, Ending	<u><u>3,727,989</u></u>	<u><u>3,289,701</u></u>	<u><u>438,288</u></u>	<u><u>13%</u></u>

Government Activities-Governmental Funds

The District's governmental net position increased by \$438,288 or 74% compared to the prior year increase in net position of \$251,150.

Expenses

Expenditures increased \$211,049 or 20%. Total expenditures are \$1,263,855 for the current year compared to \$1,052,806 for the prior year. This was mostly due to an increase in supplies, firefighting gear, training, and depreciation expense.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
MANGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Revenues

Total revenues consisting of property taxes, fire protection taxes, grants, interest earned, and other revenues increased \$365,536 or 25%. Property taxes increased \$231,570. Fire protection taxes increased \$4,562. The District received proceeds of \$65,000 due to the disposal of a brush truck.

Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measurement of a government's net resources available for spending at the end of the fiscal year.

The General Fund is used to account for all revenues and expenditures related to the general operations for the District which are not accounted for in another fund. Fund balance decreased \$344,786 to \$1,623,601 from \$1,968,387.

At the end of the current fiscal year, non-spendable fund balance was \$110,532 or 7% of the total fund balance. Assigned fund balance was \$1,400,582 or 86% of the total fund balance. The assigned fund balance is for station operations. The unassigned fund balance was \$112,488 or 7%.

General Fund Budgetary Highlights

The District adopted the budget for the General Fund prior to the start of the fiscal year. It was amended before the fiscal year ended. As required by state law, actual revenues and other sources cannot be less than 5% of budgeted revenues and other sources. Actual expenditures and other uses cannot be more than 5% of budgeted expenditures and other uses. The District was not within these legal requirements. Expenditures were overbudget by 32.64%. Schedule I detailing budget compliance is included as Required Supplemental Information, following the notes to the financial statements.

Capital Assets

The District's capital assets, net of accumulated depreciation, consist of the following at June 30, 2019 and 2018:

	2019	2018	Change
Land	41,860	18,500	23,360
Buildings	1,455,863	1,140,517	315,346
Vehicles	5,798,558	5,405,058	393,500
Equipment	2,126,119	1,904,764	221,355
Other	151,029	151,029	-
Accumulated Depreciation	(6,385,453)	(6,052,599)	(332,854)
Capital Assets, Net	<u>3,187,977</u>	<u>2,567,269</u>	<u>620,708</u>

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
MANGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The District purchased land for \$23,360. Building projects for the year totaled \$315,346. The District purchased trucks and equipment for \$614,855. The District disposed of one truck for \$65,000. Depreciation expense was recorded at \$332,854.

Debt Administration

The District's long-term liabilities consist of the following at June 30, 2019 and 2018:

	2019	2018	Change
Capital Lease Payable	807,419	1,007,823	(200,404)
Notes Payable	276,171	238,132	38,039
Total	1,083,590	1,245,955	(162,365)

The District paid \$200,404 in principal towards its capital lease obligations. Interest expense on the leases was \$35,878. The District paid \$21,962 in principal on the note payable for the Bluff Creek station. Interest on the note was \$8,866. The District incurred short-term financing for the purchase of radios for \$32,160. Interest on the short-term borrowing was \$874. The District incurred financing for a new station in McManus for \$60,000. No new lease obligations were entered into.

Financial Contact

The financial report is designed to provide a general overview of the District's finances, comply with finance related laws and regulations, and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be addressed to Parish-Wide Fire Protection District of East Feliciana Parish, PO Box 8826, Clinton, Louisiana, 70722. The District's telephone number is (225) 302-0016.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement A

PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Cash and Cash Equivalents	\$ 1,355,287
Investments	231,847
Receivables, Net	16,420
Prepaid Expenses	110,532
Capital Assets, net of Accumulated Depreciation	3,187,977
TOTAL ASSETS	<u><u>4,902,063</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	90,484
Long Term Debt Due Within One Year	194,022
Noncurrent Liabilities	
Long Term Debt Due In More Than One Year	889,568
TOTAL LIABILITIES	<u><u>1,174,074</u></u>
NET POSITION	
Net Investment in Capital Assets	2,104,387
Unrestricted	1,623,602
TOTAL NET POSITION	<u><u>\$ 3,727,988</u></u>

The accompanying notes are an integral part of these financial statements.

**PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
STATEMENT OF ACTIVITIES
JUNE 30, 2019**

Statement B

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 303,625	\$ -		\$ -	\$ (303,625)
Station Activity	960,230	-	-	135,112	(825,118)
Total Governmental Activities	<u>1,263,855</u>	<u>-</u>	<u>-</u>	<u>135,112</u>	<u>(1,128,743)</u>
General Revenues and Transfers					
Property Taxes					1,173,369
Fire Protection Taxes					373,246
Gain on Asset Disposition					65,000
Other Revenues					53,151
Interest Earned					18,130
Total General Revenues					<u>1,682,894</u>
Transfers					<u>(115,863)</u>
Total General Revenues and Transfers					<u>1,567,032</u>
Change in Net Position					<u>438,288</u>
Net Positon, Beginning, Restated					<u>3,289,700</u>
Net Positon, Ending					<u>\$ 3,727,988</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Statement C

PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
BALANCE SHEET
JUNE 30, 2019

ASSETS	
Cash and Cash Equivalents	\$ 1,355,287
Investments	231,847
Receivables, net	16,420
Prepaid Expenses	110,532
TOTAL ASSETS	<u><u>1,714,086</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	90,484
TOTAL LIABILITIES	<u><u>90,484</u></u>
NET POSITION	
Nonspendable	110,532
Assigned to Station Operations	1,400,582
Unassigned	112,488
TOTAL NET POSITION	<u><u>\$ 1,623,602</u></u>

The accompanying notes are an integral part of these financial statements.

Statement D

PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balances-Total Governmental Funds	\$ 1,623,602
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	3,187,977
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds	(1,083,590)
	<u>\$ 3,727,988</u>

The accompanying notes are an integral part of these financial statements.

Statement E

**PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
JUNE 30, 2019**

REVENUES	
Property Taxes	\$ 1,173,369
Fire Protection Taxes	373,246
TOTAL REVENUES	1,546,614
 EXPENDITURES	
General Government	303,625
Station Activity:	
Operations	607,877
Debt Service	274,026
Capital Outlay	953,561
TOTAL EXPENDITURES	2,139,089
INCOME BEFORE OTHER FINANCING SOURCES (USES)	(592,475)
 OTHER FINANCING SOURCES (USES)	
Grants and other Contributions	135,112
Issuance of Debt	92,160
Proceeds from Disposal of Capital Asset	65,000
Rebates/other Revenues	53,151
Interest Earned	18,130
Capital Lease	-
Transfers to Local Governments	(115,863)
TOTAL OTHER FINANCING SOURCES (USES)	247,690
CHANGE IN FUND BALANCE	(344,786)
FUND BALANCE BEGINNING OF YEAR (RESTATED)	1,968,387
FUND BALANCE, ENDING OF YEAR	\$ 1,623,601

The accompanying notes are an integral part of these financial statements.

**PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019**

Net Change in Fund Balances-Total Governmental Funds	S	(344,786)
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Amounts reported for governmental activities in the statement of activities are different because:

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 as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:

Capital outlays recorded as expenditures in the governmental funds		953,561
Depreciation not reported in governmental funds		(332,854)

Loan and lease proceeds provided current financial resources to Governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Repayment of loan and capital lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide statements.

This amount represents loans and leases issued during the current period.		(92,160)
This amount represents loans and capital lease principal payments during the current period.		254,526

Change in net position of governmental activities	S	438,288
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

INTRODUCTION

The Parish-wide Fire Protection District of East Feliciana Parish, Louisiana (hereinafter referred to as the District) was established on November 7, 1994, by the Parish Police Jury for the purpose of acquiring, constructing and improving buildings, machinery and equipment to be used in providing fire protection to the citizens of East Feliciana Parish, Louisiana. Its boundaries were extended throughout the parish by resolutions adopted by the governing authorities of the Town of Clinton, Jackson and Slaughter and the Villages of Norwood and Wilson. It is governed by a Board of Commissioners made up of seven individuals. The District covers an area of approximately 456 square miles and a population of approximately 19,305 people.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which organizations or component units should be included in the District for reporting purposes. These criteria focus on the concept of financial accountability and includes the following:

- a) Whether the potential component unit is legally separate organization with the capacity to have its own name, the right to sue and the be sued and the right to buy, sell, lease and mortgage property in its own name;
- b) Whether the District appoints a voting majority of the potential component unit's governing body;
- c) Whether the potential component unit is fiscally interdependent of the District;
- d) Whether the District possess the ability to significantly influence the programs, projects, activities or level of services performed or provided by the potential component unit;
- e) Whether the relationship between the District and the potential component unit creates the possibility of financial benefit/burden.

Based on the definition of a reporting entity and the criteria above, the accompanying financial statements include the volunteer fire departments of Bluff Creek, Clinton, Ethel, Jackson, Jackson Airport, Magnolia, McManus, Norwood, Olive Branch, Pecan Grove, Slaughter, Wilson and Woodland as blended component units. The activities, included in the financial reporting entity as part of the General Fund, of these departments are those related to the fire protection fees received by the District and disbursed to the departments. Each month, the individual departments attend the District's Board meetings to report on the status of these funds and gain approval for any expenditure of these funds. The books are maintained by each individual volunteer fire department.

Government-Wide Accounting: In accordance with Government Accounting Standards Board Statement No. 34, the District has presented a Statement of Net Position and Statement of Activities for the District as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

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 except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Policy has set the capitalization threshold for reporting at \$5,000. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost 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. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net assets.

Program Revenues

The Statement of Activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the District. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the District has chosen not to do so.

Fund Accounting: The District uses funds to report on its financial position and the result 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.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

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

Basis of Accounting/Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses and such assets are not depreciated. The District does not have any business-type activities.

Budgets and Budgetary Accounting: The District adopts an annual budget for the General Fund. It is prepared in accordance with the basis of accounting utilized by that fund. The Board members must approve any revisions that alter the total expenditures. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed on an as-needed basis and a balanced budget is required.

If an appropriation ordinance is not passed consistent with the budget, 50% of the prior year appropriation is deemed re-appropriated. Appropriations lapse at year end.

Cash, Cash Equivalents, and Investments: 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. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. All cash and cash equivalents of the District are held in demand or interest-bearing demand deposit accounts.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

The District limits its investments to those allowed under Louisiana R.S. 33:2955. Investments are reported at fair market.

Capital Assets: The District's assets are recorded at historical cost. Donated assets are recorded at fair market value on the date of donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	40 years	Vehicles	7-10 years
Equipment	4-10 years	Infrastructure	40-50 years
Office furniture	5-7 years		

Compensated Absences: The District does not have compensated absences.

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

Net Position/Fund Balances: In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Position

Net position that are reserved by external sources, such as banks or by law, are reported separately as restricted net position. When assets are required to be retained in perpetuity, these nonexpendable net position are recorded separately from expendable net position. These are components of restricted net position.

Unrestricted Net Position

This category represents net position not appropriate for expenditures or legally segregated for a specific future use.

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

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that is available for any purpose.

The Fire District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within the unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The Fire District does not have a formal minimum fund balance policy.

Extraordinary and Special Items: Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

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

Inter-fund Transactions: All inter-fund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

NOTE 2 – TAXES

A special ad valorem tax was levied, assessed and imposed on all taxable property within the Parish of East Feliciana. Approval was granted with a special election held initially on April 20, 1996 with a subsequent renewal in 2009. The tax ends in the year 2023. The authorized millage for the year was 6.25 for a total levy of \$1,116,000. The taxable property valuation totaled \$17,856,000.

In accordance with the provisions of La. Revised Statute 40:1502.13, as amended, the District levied a fire protection tax of \$48 on persons owning residential or commercial structures and \$38 on persons owning mobile homes, whether occupied or not, located wholly or partly within the boundaries of the

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

District. This tax is levied on each structure for the purpose of providing fire protection and emergency services. A special election was held on November 4, 2014. The tax began in the year 2015 and ends in the year 2024. The total amount of the fire protection tax was \$152,000. A total of 9,393 residences and commercial properties were assessed.

The taxes are levied by the District during the year, are billed to taxpayers, and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from the taxes are budgeted in the year billed and recognized as revenue when billed. The East Feliciana Sheriff's Office bills and collects the property taxes based on the assessed value determined by the East Feliciana Parish Tax Assessor. The taxes are generally collected in December of the current year and January and February of the next year. The taxes attach as a lien on the property on January 1 each year.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2019, the District has deposits (book balances) as follows:

Interest Bearing Demand Deposits	\$ 854,958
Demand Deposits	500,329
Total Cash and Cash Equivalents	<u>1,355,287</u>
Investment at LAMP, Inc.	231,847
Total Cash and Investments	<u>\$ 1,587,134</u>

These deposits are stated at cost, which approximates market value. 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2018, the District had \$1,267,243 in deposits (collected bank balances) consisting of demand deposits. The demand deposits are secured from risk by \$250,000 in federal deposit insurance and pledged securities. The demand deposits are exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). Even through the pledged securities are considered uncollateralized (Category 3), under the provision of GASB Category 3, Louisiana R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

the pledged securities within 10 days of being notified by the government that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the District's name.

The only investments held by the District at June 30, 2018 are Louisiana Asset Management Pool (LAMP) as described in Note 2.

In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments, when held, are carried at fair market value, with the estimated fair market value based on quoted market prices.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

In accordance with GASB Codification Section 150.165, the investment in the Louisiana Asset Management Pool (LAMP) at June 30, 2018, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprised of the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

LAMP is subject to the regulator oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

GASB 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7 - like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP'S total investments, as provided by LAMP, is 39 days as of June 30, 2017.
5. Foreign currency risk: Not applicable to 2a7-like pools.

LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

NOTE 5-ACCOUNTS RECEIVABLE

The governmental funds receivables are all current at June 30, 2019 and consist of the following:

Property Taxes	\$	9,427
Fire Protection Fees		6,993
Net	\$	16,420

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6- CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019 for governmental activities is as follows:

	2018	Increases	Decreases	2019
Capital assets, not being depreciated				
Land	\$ 18,500	23,360	-	\$ 41,860
Total capital assets, not being depreciated	18,500	23,360	-	41,860
Capital assets being depreciated				
Buildings	1,140,518	315,346	-	1,455,864
Vehicles	5,405,058	393,500	-	5,798,558
Equipment	1,904,764	221,355	-	2,126,119
Other	151,029	-	-	151,029
Total capital assets, being depreciated	8,601,369	930,201	-	9,531,570
Less accumulated depreciation for:				
Buildings	956,163	17,344	-	973,507
Vehicles	3,507,780	218,403	-	3,726,183
Equipment	1,437,628	97,107	-	1,534,735
Other	151,029	-	-	151,029
Total accumulated depreciation	6,052,599	332,854	-	6,385,453
Total capital assets being depreciated, net	2,548,770	597,347	-	3,146,117
Governmental activities, capital assets, net	\$ 2,567,270	620,707	-	\$3,187,977

Depreciation expense for capital assets was charged to function as follows:

Fire Protection \$332,854

The District purchased land for \$23,360. The land was purchased for the Magnolia station.

Building projects for the year totaled \$315,346. Building projects included \$91,335 for a drill tower for the Jackson VFD, a building for the McManus VFD for \$95,800, a building for Pecan Grove VFD for \$117,541, and other improvements for \$10,670.

Vehicle acquisitions include a 2019 Freightliner Truck for the Jackson VFD and a rescue truck for the Clinton VFD.

Equipment purchases include fire gear of \$9,868 and a Hurst Hydraulic Ram for \$8,158. Radios in the amount of \$203,329 for each station were purchased. The District received a Pennington Grant in the

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

amount of \$95,000 in funding for the purchase. The District paid the remaining balance using District and station funds.

The District sold a truck for \$65,000 that belonged to the Jackson VFD.

NOTE 7 – ACCOUNTS PAYABLE AND OTHER

The payables at June 30, 2019 consisted the amount listed below:

Accounts Payable	\$ 69,300
Credit Cards Payable	6,184
Capital Expenditures	<u>15,000</u>
Total Payables	<u><u>\$ 90,484</u></u>

NOTE 8 – LONG-TERM LIABILITIES

The District's long-term liabilities consist of capital lease obligations and a note payable. The following is a summary of changes in long term liabilities for governmental activities for the year ended June 30, 2019:

	Balance 7/1/2018	Additions	Retirements	Balance 6/30/2019	Due Within One Year
Lease Obligations	1,007,823	-	(200,404)	807,419	161,490
Note Payable	238,132	92,160	(54,122)	276,170	32,532
Total	<u>1,245,955</u>	<u>92,160</u>	<u>(254,526)</u>	<u>1,083,589</u>	<u>194,022</u>

CAPITAL LEASES OBLIGATIONS:

The District has various capital leases for trucks and equipment. The following table summarizes by station each lease's terms and yearly obligation:

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Station	Orgination Date	Maturity Date	Rate	Installment
Pecan Grove	11/29/2011	2/1/2022	3.50%	16,266
Woodland	7/27/2009	6/1/2024	5.66%	26,253
Norwood	6/15/2011	6/1/2024	3.96%	26,978
Wilson	2/1/2010	3/1/2025	4.96%	22,430
Ethel	2/16/2015	2/14/2023	6.00%	27,625
Jackson	7/28/2017	7/28/2022	3.34%	43,526
Slaughter	6/15/2011	6/15/2026	3.82%	35,037

The following is the debt service obligations on the capital leases of the District:

	Principal	Interest	Total
2020	161,490	36,626	198,116
2021	165,835	30,079	195,914
2022	154,600	19,727	174,327
2023	145,324	14,096	159,420
2024	85,410	8,268	93,678
2025-2029	94,760	4,943	99,703
Total	807,419	113,739	921,158

NOTE PAYABLE:

The District has two note payables:

- 1) One is for the Bluff Creek station. The district borrowed \$302,540 on April 3, 2014 at 4.25%. The monthly obligation is \$2,257. It matures February 12, 2021.
- 2) On August 12, 2019, the District borrowed \$60,000 at 5.50% that matures February 12, 2021. The funds were used to construct a building for the McManus Volunteer Fire Department. The yearly payment is \$16,119.90.

The following table summarizes this year's activity on the loan:

	Balance 7/1/2018	Additions	Retirements	Balance 6/30/2019	Due Within One Year
Note Payable	238,133	92,160	(54,122)	276,171	32,532

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

The following table summarizes future obligations on the note:

	Principal	Interest	Total
2020	32,532	10,672	43,204
2021	33,712	9,492	43,204
2022	34,937	8,266	43,203
2023	35,899	6,994	42,893
2024	21,402	5,682	27,084
2025-2029	117,419	13,666	131,085
2030-2034	270	1	271
Total	276,171	54,773	330,944

NOTE 9 – RESTATEMENT OF NET POSITION/FUND BALANCE

During fiscal year 2019, the District paid two lease obligation for the McManus and Wilson stations. The leases had a remaining balance left on the books and a prior period entry had to be recorded to correct the entries. A cash account for the Jackson Volunteer Fire Department was added to the books that had not been used in the past or been put on the books. An entry was recorded to correct the cash balance. Governmental/activities net position and the general fund balance as of July 1, 2018 have been restated as follows:

	Governmental Activities	General Fund
Net position/fund balance previously reported	3,049,125	1,880,575
Cash Jackson Volunteer Fire Dept	87,811	87,811
Capital lease obligations	152,764	-
Total	3,289,700	1,968,386

NOTE 10 - RELATED PARTY TRANSACTIONS

There were no related party transactions that require disclosure in the accompanying financial statements.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The District maintains commercial insurance policies for the claims related to the aforementioned risks. The District's payment of the insurance policy deductible is the only liability associated with these policies.

NOTE 12 – CONTINGENT LIABILITIES

The District was not involved in any outstanding litigation or claims as of June 30, 2019.

NOTE 13 – COMMITMENTS

Clinton

On November 19, 2012, the Town of Clinton issued Limited Tax Bonds, Series 2012 for the purchase of a fire station in the amount of \$760,000 at an interest rate of 2.49% maturing in March 2022. The District reimburses the town for the payment each year using the Clinton station funds. The amount of the payment for the fiscal year ending in June 30, 2019 was \$96,138.

Slaughter

On August 18, 2017, the Town of Slaughter entered into a lease purchase agreement for the acquisition of a 2017 custom pumper truck. The total purchase price was \$481,984. The acquisition was handled in three transactions:

- The Slaughter Volunteer Fire Department, Inc., a 501(c)4 organization, received a Pennington Foundation grant for \$350,000. These funds were used to acquire the truck.
- The Slaughter station under the District umbrella paid \$52,923 towards the truck.
- The remainder of \$80,000 owed was financed through a lease purchase agreement with the Town of Slaughter named as the lessee. The lease terms are yearly payments of \$9,862 commencing on August 18, 2018 and ending on August 18, 2027.

The District will pay the lease balance using Slaughter station funds. The amount of the payment for the fiscal year ending in June 30, 2019 was \$19,724.

**PARISH-WIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through August 1, 2020, the date the financial statements were available for issuance. No other events were noted that require recording or disclosure in the financial statements for the year ending June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

**PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2019**

Schedule 1

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Property Taxes	900,000	1,000,000	1,173,369	173,369
Fire Protection Taxes	280,000	360,000	373,246	13,246
TOTAL REVENUES	1,180,000	1,360,000	1,546,614	186,614
EXPENDITURES				
General Government	227,000	305,000	303,625	1,375
Station Activity:				
Operations	648,800	658,500	607,877	50,624
Debt Service	220,000	400,000	274,026	125,974
Capital Outlay	200,000	336,500	953,561	(617,061)
TOTAL EXPENDITURES	1,295,800	1,700,000	2,139,089	(439,089)
INCOME BEFORE OTHER FINANCING SOURCES (USES)	(115,800)	(340,000)	(592,475)	625,704
OTHER FINANCING SOURCES (USES)				
Grants and other Contributions	-	-	135,112	135,112
Issuance of Debt	-	-	92,160	92,160
Proceeds from Disposal of Capital Asset	-	-	65,000	65,000
Rebates/other Revenues	15,000	50,000	53,151	3,151
Interest Earned	10,000	15,000	18,130	3,130
Capital Lease	-	-	-	-
Transfers to Local Governments	-	-	(115,863)	(115,863)
TOTAL OTHER FINANCING SOURCES (USES)	25,000	65,000	247,690	182,690
CHANGE IN FUND BALANCE	(90,800)	(275,000)	(344,786)	808,393
FUND BALANCE BEGINNING OF YEAR (RESTATED)	1,968,387	1,968,387	1,968,387	-
FUND BALANCE, ENDING OF YEAR	1,877,587	1,693,387	1,623,601	808,393

See independent auditor's report

OTHER SUPPLEMENTARY INFORMATION

Schedule 2

**PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
SCHEDULE OF COMPENSATION PAID
TO BOARD MEMBERS
June 30, 2019**

The following serve on the Board of Parishwide Fire Protection District of East Feliciana Parish.
No payment was rendered for their services as of June 30, 2019.

Doug Beachamp
Kelly Davis
Jimmy Garig
Earl Ravencraft
James Guillory
Allen McNabb
James Jenkins

See independent auditor's report

Schedule 3

**PARISHWIDE FIRE PROTECTION DISTRICT
OF EAST FELICIANA PARISH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
June 30, 2019**

Agency Head
Allen McNabb, Chairman

Purpose	
Compensation	-
Benefits	-
Other Payments	-
Total Compensation, Benefits, and Other Payments	<u>-</u>

See independent auditor's report

Minda B. Raybourn
Certified Public Accountant
Limited Liability Company
820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402
wrcpa@franklinton.net

Member
AICPA

Member
LCPA

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 Members of the Board of Commissioners
Parish-Wide Fire Protection District of
East Feliciana Parish, Louisiana
P O Box 8826
Clinton, LA 70722

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 business-type activities of the Parish-Wide Fire Protection District of East Feliciana Parish, a component unit of the East Feliciana Parish Policy Jury, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Parish-Wide Fire Protection District of East Feliciana Parish's basic financial statements and have issued our report thereon dated August 1, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, I considered the Parish-Wide Fire Protection District of East Feliciana Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Parish-Wide Fire Protection District of East Feliciana Parish's internal control. Accordingly, I do not express an opinion on the effectiveness of the Parish-Wide Fire Protection District of East Feliciana Parish's internal control.

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 a 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. *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 first 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 exist that have not been identified. Given these limitations, during my audit I did not identify any

deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2019-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parish-Wide Fire Protection District of East Feliciana Parish's financial statements are free from 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 which are described in the accompanying schedule of findings and responses as item 2019-001, 2019-002 and 2019-004.

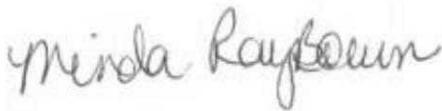
Parish-Wide Fire Protection District of East Feliciana Parish's Response to Findings

Parish-Wide Fire Protection District of East Feliciana Parish's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Parish-Wide Fire Protection District of East Feliciana Parish's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the agency, the Legislative Auditor, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Minda Raybourn CPA
Franklinton, LA
August 1, 2020

**PARISH-WIDE FIRE PROTECTION DISTRICT OF EAST FELICIANA PARISH
SCHEDULE OF YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

Finding 2019-001 Late Submittal of Audit Report (Compliance Finding)

CRITERIA: Louisiana audit requirements stipulate that the audited financial statements be submitted within six months of the entity's fiscal year. The District's due date was December 31, 2019.

CONDITION: The audit report was submitted seven months past the statutory due date.

CAUSE OF CONDITION: The District's individual stations are required by the District's policies and procedures to submit all accounting records by August 30th following the close of the fiscal year. Some of the records were not submitted until December 31, 2019. This is a repeat finding.

EFFECT OF CONDITION: The District was not in compliance with the state audit requirements.

RECOMMENDATION: The District needs to ensure that the stations timely submit the accounting records so that data can be entered into the District's parish-wide accounting system and to ensure sufficient time is provided for audit procedures.

MANAGEMENT'S RESPONSE: The District will take steps to comply with the recommendation.

Finding 2019-002 Noncompliance with Local Government Budget Act (Compliance Finding)

CRITERIA: The District must comply with certain provisions of the Local Government Budget Act set forth in state law, LSA R.S. 39:1301-1314. The Act contains various budget requirements for the General Fund and special revenue funds regarding public notification and disclosure, and requires budget to be amended when:

- 1) Total revenues, or other sources plus projected revenue and other sources for the remainder of the year are failing to meet total budgeted revenues and other sources by five percent or more.
- 2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year are failing to meet total budgeted expenditures and other uses by five percent or more.
- 3) Actual beginning fund balance within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

CONDITION: Actual expenditures exceeded budgeted expenditures by 32.64%.

CAUSE OF CONDITION: The District did not increase the expenditures enough on the amended budget.

EFFECT OF CONDITION: Noncompliance with the Louisiana Local Government Budget Act.

RECOMMENDATION: The District must ensure its actual expenditures are within 5% of budgeted expenditures.

MANAGEMENT'S RESPONSE: We will implement the auditor's recommendation.

**PARISH-WIDE FIRE PROTECTION DISTRICT OF EAST FELICIANA PARISH
SCHEDULE OF YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

Finding 2019-003 Public Bid Law (Significant Deficiency)

CRITERIA: Contracts for building projects valued under the public bid threshold should be administered through Request for Proposal (RFP) process and/or solicitation of at least three bids. While not a state law requirement, it is usually considered a best practice.

CONDITION: The Pecan Grove Volunteer Fire Station construction a building at \$117,541.15. There was no evidence of any solicitation for bids or documentation of RFP.

CAUSE OF CONDITIOIN: Unknown.

EFFECT OF CONDITON: Without soliciting bids or proposals for building projects, it is possible the entity will not get the best price.

RECOMMENDATION: The District needs to put in place policies and procedures for contracting services.

MANAGEMENT'S RESPONSE: We will implement the auditor's recommendation.

Finding 2019-004 Borrowing of Debt (Compliance Finding)

CRITERIA: Per R:S: 1410.60, Approval of application; incurring indebtedness

A. No parish, municipality, public board, political or public corporation, subdivision, or taxing district, and no road or sub-road district, school district, sewerage district, drainage or subdrainage district, levee district, waterworks or sub-waterworks district, irrigation district, road lighting district, harbor and terminal district, or any other political subdivision, taxing district, political or public corporation, created under or by the constitution and laws of the state shall have authority to borrow money, incur debt, or to issue bonds, or other evidences of debt, or to levy taxes, or to pledge uncollected taxes or revenues for the payment thereof, where they are authorized by the constitution or laws of the state so to do, without the consent and approval of the State Bond Commission.

B. (1) The provisions of this Section shall not apply to purchases made in the ordinary course of administration on terms of credit not to exceed ninety days.

CONDITION: On August 12, 2019, the District borrowed \$60,000 at 5.50% that matures February 12, 2021. The funds were used to construct a building for the McManus Volunteer Fire Department. The yearly payment is \$16,119.90. The District's minutes for the December 21, 2018 meeting reflect the board's approval to obtain the loan.

CAUSE OF CONDITION: Unknown.

EFFECT OF CONDITON: Possible violation of state law.

RECOMMENDATION: The District needs to put in place policies and procedures for debt services.

MANAGEMENT'S RESPONSE: We will implement the auditor's recommendation.

**PARISH-WIDE FIRE PROTECTION DISTRICT OF EAST FELICIANA PARISH
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

Finding 2018-001 Late Submittal of Audit Report (Compliance Finding)

CRITERIA: Louisiana audit requirements stipulate that the audited financial statements be submitted within six months of the entity's fiscal year. The District's due date was December 31, 2018.

CONDITION: The audit report was submitted ten months past the statutory due date.

CAUSE OF CONDITION: The District's individual stations are required by the District's policies and procedures to submit all accounting records by August 30th following the close of the fiscal year. Some of the records were not submitted until after December 31, 2018. This is a repeat finding.

EFFECT OF CONDITION: The District was not in compliance with the state audit requirements.

RECOMMENDATION: The District needs to ensure that the stations timely submit the accounting records so that data can be entered into the District's parish-wide accounting system and to ensure sufficient time is provided for audit procedures.

MANAGEMENT'S RESPONSE: The District will take steps to comply with the recommendation.

STATUS: Not resolved.

Finding 2018-002 Public Bid Law (Compliance Finding)

CRITERIA: A true lease of equipment is not subject to the Public Bid Law. If the lease provides for the public entity to purchase the equipment or otherwise provides for a transfer of ownership to the public entity at the end of the contract, then the lease is not a true lease (the Attorney General says it is properly considered an installment purchase contract) and is required to comply with the provisions of the Public Bid Law.

CONDITION: The District and the Jackson station entered into a lease purchase agreement for a ladder fire truck on August 15, 2017. The cost of the truck was \$247,400 with the station paying \$50,000 as a down payment. The remaining balance of \$197,400 was financed over five years at 3.343%. The agreement contained an option to purchase the truck. A review of the District minutes revealed no public bids were done nor was the agreement approved at the District board meeting.

CAUSE OF CONDITION: Unknown.

EFFECT OF CONDITION: Violation of public bid law.

RECOMMENDATION: All lease purchase agreements for vehicles and equipment should be treated as subject to the bid requirements of state law. The District needs to have policies and procedures into place to ensure lease purchase agreements are entered into according to the Louisiana Public Bid Law.

MANAGEMENT RESPONSE: The District will follow the auditor's recommendations.

STATUS: Resolved.

**PARISH-WIDE FIRE PROTECTION DISTRICT OF EAST FELICIANA PARISH
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

Finding 2018-003 Lack of Controls Over Credit Card and Debit Cards (Material Weakness)

CRITERIA: Adequately designed and operating internal controls over financial reporting provides for adequate documentation to support transactions and to allow for proper review and approval of transactions including disbursements.

CONDITION: Two stations have credit cards and six stations have debit cards. Two stations did not have the original itemized receipt for a debit card purchase. One station had five charges on the credit card statement. Two charges had an original itemized receipt, one charge was for a meal but the receipt did not specify details of the meal or who attended the meal, and two charges were not supported by receipts. The other station had 16 charges on the statement. One of the receipts had items labeled as “miscellaneous” with no other description. This is also a prior period finding from June 30, 2017.

CAUSE OF CONDITION: Debit card purchases were not matched to the bank statement with an itemized receipt. The purchases on the credit card statement was not matched up with itemized receipts.

EFFECT OF CONDITION: Without adequate documentation to support disbursements, there is no proof that the expenditure was properly initiated, approved for payment, and reviewed for adequacy. Without adequate documentation to support disbursements, there is no proof that the disbursements were distributed to the appropriate vendors. Lack of adequate documentation demonstrates the inadequacy of the District’s internal control over disbursements. Lack of proper documentation over disbursement exposes the District to possible fraud and misappropriation of assets.

RECOMMENDATION: Each station needs to match up debit card purchases with the bank statement and with an itemized receipt. Credit card purchases need to be matched up with the credit card statement. The station officials need to review and approve each debit card receipt and credit card receipt.

MANAGEMENT RESPONSE: The District will take steps to implement the auditor’s recommendation.

STATUS: Resolved.

Finding 2018-004 Lack of Controls Over Capital Asset and Depreciation Schedule (Material Weakness)

CRITERIA: Adequate internal controls over financial reporting provide accurate financial reporting. This includes preparation, review, and reconciliation of detailed capital asset listing. Each capital asset on the list should be supported by an approved invoice and any debt arrangements such as a lease or loan. A physical inventory of all assets on the listing provides proper accounting for the assets.

CONDITION: A depreciation schedule was obtained to support the fixed asset values on the financial report. A pumper purchased through a capital lease purchase agreement in October 2015 for one of the stations was not included on the depreciation schedule in the prior fiscal year. In addition, some of the older vehicles are grouped together by year and not as individual items, making it difficult to understand what vehicle was purchased and which station it was assigned to. This is a repeat finding from June 30, 2017.

**PARISH-WIDE FIRE PROTECTION DISTRICT OF EAST FELICIANA PARISH
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

CAUSE OF CONDITION: It appears the depreciation schedule was inadequate in prior years.

EFFECT OF CONDITION: Inadequate controls over capital assets expose the District to several risks including misappropriation of assets and inaccurate or fraudulent financial reporting.

RECOMMENDATION: The District should perform physical inventory counts each year and compare to the detailed asset records including each station list and the depreciation schedule to ensure all assets are being properly accounted for.

MANAGEMENT'S RESPONSE: The District has policies in place which require each fire station to maintain a detailed list of all assets purchased over \$5,000. In addition, assets are to be counted on a periodic basis no less than annually and compared to the detail list.

STATUS: Resolved.

Finding 2018-005 Lack of Controls Over Debt Obligations (Material Weakness)

CRITERIA: Adequate internal controls over financial reporting provide for the proper recording and accounting for debt transactions. It provides for the accuracy of borrowings and repayments according to the terms of the debt agreements. It also provides that capital leases are properly identified and recorded. Good internal controls also provide that interest is accurately calculated and recorded. Governmental accounting standards require that long-term obligations are reported as liabilities in the governmental funds in the government-wide financial statements. It is also required that in the governmental fund types, long-term obligations are reported as other financing sources in the fund financial statements.

CONDITION: The previous audit report did not contain a loan on one of the fire stations. A prior period adjustment had to be recorded to the net position in the amount of \$254,710 to record the effect of the obligations. The prior audit report of June 30, 2017 contained similar findings on the capital leases.

CAUSE OF CONDITION: The previous audit report for June 30, 2016 did not contain any of the leases or loan obligations in the government-wide financial statements as long term debt.

EFFECT OF CONDITION: The financial reports of the District will be materially misstated if capital lease obligations are not properly recorded.

RECOMMENDATION: The District should ensure that any capital lease obligations and long term debt are included in the financial statements. Copies of the lease and debt agreements should be provided to the District accountant so that they can be included in the accounting records.

MANAGEMENT'S RESPONSE: We will take steps to include all capital lease obligations and long-term debt arrangements in the accounting system.

STATUS: Resolved.

**PARISH-WIDE FIRE PROTECTION DISTRICT OF EAST FELICIANA PARISH
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

Finding 2018-006 Purchase of Pumper Truck (Compliance Finding)

CRITERIA: For a public entity to properly expense or transfer public funds or property, 1) the expenditure or transfer must be for a public purpose in which the entity has a legal authority to pursue, 2) the transaction does not appear to be gratuitous, and 3) evidence must demonstrate that the entity has a demonstrable, objective, and reasonable expectation of receiving a benefit or value at least equivalent to the amount expended or transferred. This three-prong test was developed by the Louisiana Attorney General and is known as the “Cabela’s test” after a decision from the Louisiana Supreme Court. When a public entity uses public funds in the ordinary course of business, the three elements are evident. Sometimes, this is not evident and in these situations, a corporate endeavor agreement can be used to clarify the transaction.

CONDITION: On August 18, 2017, the Town of Slaughter entered into a lease purchase agreement for the acquisition of a 2017 custom pumper truck. The total purchase price was \$481,984. The acquisition was handled in three transactions:

- The Slaughter Volunteer Fire Department, Inc., a 501(c)4 organization, received a Pennington Foundation grant for \$350,000. These funds were used to acquire the truck.
- The Slaughter station under the District umbrella paid \$52,923.90 towards the truck.
- The remainder of \$80,000 owed was financed through a lease purchase agreement with the Town of Slaughter named as the lessee. The lease terms are yearly payments of \$9,862.29 commencing on August 18, 2018 and ending on August 18, 2027.

Inquires with management revealed that the lease will be paid with the Slaughter station District account each year as the payments are due. A copy of the title was obtained. The purchaser is labeled as the Town of Slaughter and the lienholder is Patterson State Bank.

I reviewed the District minutes. This transaction was not noted in the minutes. There appears to be no written corporate endeavor agreement or contract of any kind between the three parties as to how the acquisition would be paid, who will pay the lease, who is responsible for the insurance, who is responsible for the daily operations and maintenance of the truck, and who will actually receive title once the lease purchase is paid in full. If the District is to pay the lease purchase agreement, there is the legal question of whether this should have gone through the public bid process.

CAUSE: Unknown.

EFFECT OF CONDITION: In a transaction such as this, if there is no written agreement, it is not evident as to the expenditure’s public purpose, if the District is receiving a benefit of at least equal to what is being paid, or if it appears to be gratuitous. Even though the sole objective was to obtain a new pumper truck, on the surface, it is not clear as to whom paid what and why without a detailed agreement between all parties. Without an agreement, there is the question of who pays for what as for as operating expenditures and insurance on the truck. There is the question if this should have gone through a public bid process.

**PARISH-WIDE FIRE PROTECTION DISTRICT OF EAST FELICIANA PARISH
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

RECOMMENDATION: I recommend the District obtain a corporate endeavor agreement with the Town of Slaughter and the Slaughter Volunteer Fire Department, Inc. that details terms of the arrangement, that the District will pay for the lease, and who will pay for expenses related to the truck.

MANAGEMENT'S RESPONSE: We will obtain legal advice on this matter.

STATUS: Resolved.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

August 2, 2020

Parishwide Fire Protection District of East Feliciana Parish
PO Box 8826
Clinton, LA 70722
And Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Parishwide Fire Protection District of East Feliciana Parish (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

There are policies in place for preparing and adopting the budget. However, there are no policies and procedures in place for monitoring and amending the budget.

- b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The District does not have policies and procedures in place on how purchases are initiated and how vendors are added to the vendor list. The District does not use purchase requisitions or purchase orders. The District does have a policy that purchases in excess of the amounts stated in the public bid law are subject to the District Board's approval prior to purchase and that purchase procedures are to comply with the state public bid law. The District's policies and procedures state that any purchases in excess of the state bid law are to be approved by the District's board prior to purchase. It is not specific as to the documentation required for all bids and price quotes.

- c) *Disbursements*, including processing, reviewing, and approving

There are policies and procedures in place for processing, reviewing, and approving disbursements.

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The District does not have policies and procedures for receiving, recording, and preparing deposits.

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The District does not have employees.

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The District does not have any policies and procedures in place regarding contracts.

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The District does not have any policies and procedures in place regarding credit cards, debit cards, fuel cards, and P-cards.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

The District does not have any policies and procedures in place regarding travel and expense reimbursement.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

There were no exceptions noted as a result of applying this procedure.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District does have a policy in place regarding debt issuance approval. There are no policies in place for EMMA reporting requirements, debt reserve requirements, and debt service requirements.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The District does not have disaster recovery/business continuity policies and procedures in place.

Management's Response: We will update our policies and procedures for the areas noted in a) through k).

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The District meets each month.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

The minutes did not reference monthly budget-to-actual comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The District had a positive fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all

accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

A listing of bank accounts and management's representation were obtained. Bank reconciliations were prepared. Management did not review bank reconciliations. They are prepared by an external accountant. The reconciliations did not have any outstanding items more than 12 months old.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites and management's representation were obtained.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

There are no cash drawers or registers shared.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The District secretary collects funds and is responsible for preparing/making bank deposits. The external account will reconcile collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The external accountant posts collection entries to the general ledger and reconciles general ledger postings to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The external accountant reconciles collection documentation to the general ledger by revenue source and is not responsible for collecting cash.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The District does not have bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Receipts are not used for property taxes and structure fees. They are sent by the assessor's office as required to the District.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Collection documentation was traced to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A listing of locations that process payments and management's representation were obtained.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At each station, the fire chief can initial a request and make an order or purchase. The District policies do not state who can initiate a purchase request.

- b) At least two employees are involved in processing and approving payments to vendors.

Each station has a treasurer or secretary that will process payments. Each station is to have two fire board members from the respective station initial the invoice as approval for payment.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The District has an external accountant that can add or modify vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

At each station, two board members will sign the checks. The station treasurer or secretary will mail the checks. Due to the volunteer nature of each board, it is not possible to separate the payment processing function and mailing of the payments.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided and management's representation was obtained.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

One station did not have the purchases reviewed and approved in writing.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No finance charges or late fees were noted.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions were noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions) This is not applicable as the District did not have travel or travel related reimbursements.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of agreements was obtained. Management's representation was obtained.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The District had two building activities: 1) a building for the McManus VFD for \$95,800 and 2) a new building for the Pecan Grove VFD for \$117,541.15.

The building for McManus VFD was publicly bid. The building for the Pecan Grove VFD was not. While it was under the threshold of the public bid law, there was documentation of Request for Proposal (RFP) or solicitation of bids on the Pecan Grove VFD building.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

The minutes on December 31, 2018 reflect the board's approval of McManus VFD to obtain the building. The minutes do not reference the Pecan Grove VFD building.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Management's Response: We will implement policies and procedures for all aspects of contracting.

Payroll and Personnel This area is not applicable as the District does not have employees.

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

An online search of the ethics training revealed three of the seven District board members had training.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No documentation was available for this procedure.

Management's Response: WE will put procedures in place to ensure the required ethics training is obtained. WE will also obtain signature verification of the ethic's policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The District borrowed funds for the construction of a station at the McManus Volunteer Fire Department. There was no documentation that State Bond Commission approval was obtained.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

This is not applicable.

Management Response: We will put policies and procedures in place for all debt service areas.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

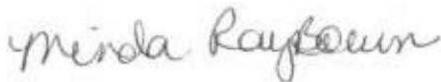
Management asserted no misappropriations occurred.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Franklinton, LA
August 1, 2020