

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2  
KEATCHIE/SILOH/GLOSTER, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2021**

DeSoto Parish Fire Protection District No. 2  
Keatchie/Shiloh/Gloster, Louisiana  
Annual Financial Report  
December 31, 2021

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December 31, 2021

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the DeSoto Parish Fire Protection District No. 2 (Fire District), we offer the readers of the Fire District's financial statements this narrative overview and analysis of the financial activities of DeSoto Parish Fire Protection District No. 2 as of and for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Fire District's basic financial statements and supplementary information provided in the report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Fire District was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by DeSoto Parish Fire Protection District No. 2.

**FINANCIAL HIGHLIGHTS**

DeSoto Parish Fire Protection District No. 2 experienced an increase in its total net position of \$318,690 or 7.02% during the year. At December 31, 2021, the assets of the Fire District exceeded its liabilities by \$4,859,540.

DeSoto Parish Fire Protection District No. 2's total revenues increased \$132,016 or 15.81% to \$967,105 in 2021 from \$835,089 in 2020.

Ad valorem taxes (property taxes) increased \$132,254 (17.34%) to \$895,065 during the year ended December 31, 2021 compared to \$762,810 during 2020.

DeSoto Parish Fire Protection District No. 2's governmental fund balance increased \$432,339 or 21.31% from \$2,028,773 in 2020 to \$2,461,112 for the year ended December 31, 2021.

**OVERVIEW OF FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the basic financial statements which includes government-wide financial statements and fund financial statements. These two types of financial statements present the Fire District's financial position and results of operations from differing perspectives, which are described as follows:

**Government-Wide Financial Statement**

The government-wide financial statements report information about the Fire District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Fire District's assets and all of its liabilities. All of the Fire District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes, assessed parcel fees and intergovernmental revenues that include fire insurance rebates, state revenue sharing and grants.

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**Fund Financial Statements**

Fund financial statements provide detailed information regarding the Fire District's most significant activities and are not intended to provide information for the Fire District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Fire District's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Fire District's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Fire District adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

**Other Supplemental Information**

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

**FINANCIAL ANALYSIS OF THE FIRE DISTRICT AS A WHOLE**

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2021, the Fire District's assets exceed its liabilities by \$4,859,540 (net position).

At December 31, 2021, \$2,338,400 or 48.12% of the Fire District's net position reflect net investment in capital assets with a historical cost of \$4,255,908 less accumulated depreciation of \$1,917,508.

Unrestricted net position of \$2,521,140 or 51.88% of total net position as of December 31, 2021, may be used to meet the ongoing obligations to the citizens of DeSoto Parish Fire Protection District No. 2.

Cash and cash equivalents decreased \$478,277 (23.10%) from \$2,070,624 in 2020 to \$1,592,347 at December 31, 2021.

Accounts receivables (net), consisting of 98.11% property taxes and 1.89% parcel fees, increased \$125,148 (15.53%) from \$806,086 in 2020 to \$931,234 at December 31, 2021.

Total liabilities decreased \$785,817 (97.04%) from \$809,792 in 2020 to \$23,975 at December 31, 2021. This decrease is due to a large capital outlay expenditure accrued at year end of 2020.

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A Summary of Statement of Net Position is as follows:

| ASSETS  | Governmental Activities |              | % Change |
|---|-------------------------|--------------|----------|
|   | 2021                    | 2020         |          |
| Cash and cash equivalents                       | \$ 1,592,347            | \$ 2,070,624 | -23.10%  |
| Accounts receivable, net                        | 931,234                 | 806,086      | 15.53%   |
| Prepaid insurance                               | 21,334                  | 21,230       | 0.49%    |
| Deposits  | 200                     | 200          | 0.00%    |
| Capital assets, net of accumulated depreciation | 2,338,400               | 2,452,502    | -4.65%   |
| Total assets                                    | \$ 4,883,515            | \$ 5,350,642 | -8.73%   |
|   |                         |              |          |
| LIABILITIES                                     |                         |              |          |
| Current liabilities                             | \$ 23,975               | \$ 809,792   | -97.04%  |
| Total liabilities                               | \$ 23,975               | \$ 809,792   | -97.04%  |
|   |                         |              |          |
| NET POSITION                                    |                         |              |          |
| Net investment in capital assets                | \$ 2,338,400            | \$ 2,452,502 | -4.65%   |
| Unrestricted                                    | 2,521,140               | 2,088,348    | 20.72%   |
| Total net position                              | \$ 4,859,540            | \$ 4,540,850 | 7.02%    |

The following schedule compares revenues and expenses for the current and previous year. Total revenues increased by \$132,016 or 15.81% from last year. Approximately, 92.55% of the Fire District's total revenues come from property taxes (ad valorem taxes), 1.37% from other state sources, 3.63% from parcel fees, and 2.35% from other revenue, which consist of oil and gas royalties, insurance reimbursements and interest income. Total expenses increased \$59,316 or 10.07% over the prior year.

Ad valorem tax revenue for the Fire District increased by \$132,254 (17.34%), reflecting an increase in the property tax revenue.

Expenses of the Fire District, without depreciation, increased \$49,257 (11.64%) from 2020. Depreciation expense of \$175,813 made up 27.11% of total expenses for December 31, 2021 compared to \$165,754 or 28.14% of total expenses in 2020.

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A Summary of Statement of Activities is as follows:

|                                   | Governmental Activities |                     | % Change      |
|-----------------------------------|-------------------------|---------------------|---------------|
|                                   | 2021                    | 2020                |               |
| Program Revenues:                 |                         |                     |               |
| Charges for services- Parcel fees | \$ 35,070               | \$ 34,685           | 1.11%         |
| Contributions                     | 1,000                   | 1,000               | 0.00%         |
| General Revenues:                 |                         |                     |               |
| Ad valorem taxes                  | 895,064                 | 762,810             | 17.34%        |
| Intergovernmental revenues        | 13,279                  | 13,125              | 1.17%         |
| Interest income                   | 9,328                   | 11,503              | -18.91%       |
| Other revenue                     | 13,364                  | 11,966              | 11.68%        |
| Total revenues                    | <u>967,105</u>          | <u>835,089</u>      | <u>15.81%</u> |
| Expenses                          |                         |                     |               |
| Public safety                     | <u>648,415</u>          | <u>589,099</u>      | <u>10.07%</u> |
| Total expenses                    | <u>648,415</u>          | <u>589,099</u>      | <u>10.07%</u> |
| Increases in net position         | <u>318,690</u>          | <u>245,990</u>      | <u>29.55%</u> |
| Net Position, beginning           | <u>4,540,850</u>        | <u>4,294,860</u>    | <u>5.73%</u>  |
| Net Position, ending              | <u>\$ 4,859,540</u>     | <u>\$ 4,540,850</u> | <u>7.02%</u>  |

#### FINANCIAL ANALYSIS OF THE FIRE DISTRICT'S GOVERNMENT FUNDS

For the year ended December 31, 2021, differences between the government-wide presentation and the fund financial statements were due to depreciation changes associated with capital assets, prepaid insurance and software, and deferred property tax.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Fire District adopted a budget for its General Fund for the year ended December 31, 2021. The budget was not amended during the year. Total budgeted revenues did not exceed actual revenues by more than 5%. Total actual expenditures were less than the final budget.

#### DEBT ADMINISTRATION

At December 31, 2021, the Fire District had no debt on capital assets.

#### CAPITAL ASSETS

The Fire District acquired \$61,711 in capital assets in 2021. This amount was for completed construction for a new building and equipment.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source for the Fire District is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, the ability to sustain this income could affect the Fire District's revenue. The budget for year 2022 should not change significantly from the year 2021 budget.

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**CONTACTING THE FIRE DISTRICT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Fire Protection District No. 2 and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shepard Fields, Chairman, at 296 Depot Road, Keatchie, Louisiana, 71046.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR’S REPORT**

DeSoto Parish Fire Protection District No. 2  
296 Depot Road  
Keatchie, LA 71046

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and major fund of the DeSoto Parish Fire Protection District No. 2 (Fire District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Fire District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Fire District as of December 31, 2021, 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.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 1 through 5) and the Budgetary Comparison Schedule (on page 25) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as other supplementary information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2022, on our consideration of the Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fire District's 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 Fire District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated August 15, 2022, on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Thomas, Cunningham, Broadway + Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

August 15, 2022

## BASIC FINANCIAL STATEMENTS

## STATEMENT A

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Keatchie/Shiloh/Gloster, Louisiana**

**GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION**  
December 31, 2021

|   | Governmental Fund<br>Financial Statements |                    | Government-wide<br>Statements |
|---|---|--------------------|-------------------------------|
|   | <b>Balance Sheet</b>                      |                    | <b>Statement of</b>           |
|   | General Fund                              | Adjustments        | <b>Net Position</b>           |
| <b>ASSETS</b>   |   |                    |                               |
| Cash and cash equivalents   | \$ 1,592,347                              | \$ -               | \$ 1,592,347                  |
| Accounts receivable, net of allowance                                 | 931,234                                   | -                  | 931,234                       |
| Deposits  | 200                                       | -                  | 200                           |
| Prepaid expenses  | -   | 21,334             | 21,334                        |
| Capital assets, net of depreciation                                   | -   | 2,338,400          | 2,338,400                     |
| TOTAL ASSETS  | <u>2,523,781</u>                          | <u>2,359,734</u>   | <u>4,883,515</u>              |
| <b>LIABILITIES</b>  |   |                    |                               |
| Current liabilities:  |   |                    |                               |
| Accounts payable  | 13,823                                    | -                  | 13,823                        |
| Payroll liabilities   | 10,152                                    | -                  | 10,152                        |
| TOTAL LIABILITIES   | <u>23,975</u>                             | <u>-</u>           | <u>23,975</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |   |                    |                               |
| Unavailable ad valorem taxes  | 38,694                                    | (38,694)           | -                             |
| TOTAL DEFERRED INFLOWS<br>OF RESOURCES                                | <u>38,694</u>                             | <u>(38,694)</u>    | <u>-</u>                      |
| <b>FUND BALANCE / NET POSITION</b>                                    |   |                    |                               |
| Fund Balances:  |   |                    |                               |
| Unassigned  | 2,461,112                                 | (2,461,112)        | -                             |
| TOTAL FUND BALANCES   | <u>2,461,112</u>                          | <u>(2,461,112)</u> | <u>-</u>                      |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF<br>RESOURCES AND FUND BALANCES | <u>\$ 2,523,781</u>                       | <u>(2,499,806)</u> | <u>-</u>                      |
| Net Position:   |   |                    |                               |
| Net investment in capital assets                                      |   | 2,338,400          | 2,338,400                     |
| Unrestricted  |   | 2,521,140          | 2,521,140                     |
| TOTAL NET POSITION  |   | <u>\$ -</u>        | <u>\$ 4,859,540</u>           |

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

## STATEMENT B

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Keatchie/Shiloh/Gloster, Louisiana**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
December 31, 2021

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

|   |    |                         |
|---|----|-------------------------|
| Fund Balance, Total Governmental Fund   | \$ | 2,461,112               |
| Capital Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds        |    | 2,338,400               |
| Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current fiscal year |    | 21,334                  |
| Unavailable ad valorem taxes are reported in the governmental funds but not in the Statement of Net Position  |    | 38,694                  |
| Net Position of Governmental Activities   | \$ | <u><u>4,859,540</u></u> |

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Keatchie/Shiloh/Gloster, Louisiana**

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE / STATEMENT OF ACTIVITIES**

For the year ended December 31, 2021

|   | Governmental Fund<br>Financial Statements<br><u>Statement of Revenues,<br/>Expenditures, and Changes<br/>in Fund Balance</u><br>General Fund | Adjustments    | Government-wide<br>Statements<br><u>Statement of<br/>Activities</u> |
|---|--|----------------|---|
| <b>EXPENDITURES/EXPENSES</b>                                  |  |                |   |
| Public safety-fire:   |  |                |   |
| Personal services & related benefits                          | \$ 279,727   | \$ -           | \$ 279,727  |
| Operating expenses  | 101,031  | (104)          | 100,927   |
| Material & supplies   | 91,948   | -              | 91,948  |
| Capital outlays   | 61,711   | (61,711)       | -   |
| Depreciation  | -  | 175,813        | 175,813   |
| <b>TOTAL EXPENDITURES/EXPENSES</b>                            | <u>534,417</u>   | <u>113,998</u> | <u>648,415</u>  |
| <b>PROGRAM REVENUES</b>                                       |  |                |   |
| Charges for services  | 35,070   | -              | 35,070  |
| Operating grants and contributions                            | 1,000  | -              | 1,000   |
| <b>TOTAL PROGRAM REVENUES</b>                                 | <u>36,070</u>  | <u>-</u>       | <u>36,070</u>   |
| <b>NET PROGRAM EXPENSE</b>                                    | 498,347  | 113,998        | 612,345   |
| <b>GENERAL REVENUES</b>                                       |  |                |   |
| Ad valorem taxes  | 894,715  | 349            | 895,064   |
| Intergovernmental revenue- state funds                        |  |                | -   |
| Fire insurance rebate   | 8,691  | -              | 8,691   |
| State revenue sharing   | 4,588  | -              | 4,588   |
| Oil & gas royalties   | 3,167  | -              | 3,167   |
| Other revenues  | 10,197   | -              | 10,197  |
| Interest income   | 9,328  | -              | 9,328   |
| <b>TOTAL GENERAL REVENUES</b>                                 | <u>930,686</u>   | <u>349</u>     | <u>931,035</u>  |
| <b>NET CHANGE IN FUND BALANCE/<br/>CHANGE IN NET POSITION</b> | 432,339  | (113,649)      | 318,690   |
| <b>FUND BALANCE / NET POSITION</b>                            |  |                |   |
| Beginning of the year   | 2,028,773  |                | 4,540,850   |
| End of the year   | <u>\$ 2,461,112</u>  |                | <u>\$ 4,859,540</u>   |

The accompanying notes are an integral part of this statement.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Keatchie/Shiloh/Gloster, Louisiana**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2021

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

|  |    |                       |
|--|----|-----------------------|
| Net Change in Fund Balance, Governmental Fund  | \$ | 432,339               |
| Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable to current periods are recognized. |    |                       |
| Change in prepaid insurance  |    | 104                   |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:   |    |                       |
| Depreciation expense (\$175,813) more than capital outlays (\$61,711)  |    | (114,102)             |
| Change in unavailable ad valorem taxes   |    | 349                   |
| Change in Net Postion of Governmental Activities   | \$ | <u><u>318,690</u></u> |

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

## NOTES TO FINANCIAL STATEMENTS

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

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**INTRODUCTION**

DeSoto Parish Fire Protection District No. 2 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on February 10, 1993. The Fire District is governed by a five-member board appointed in accordance to LRS 40:1496 as follows: two members by the Police Jury, two members by the Town of Keatchie, and one, the chairman, by the other four members. Board members serve without compensation. The Fire District is responsible for maintaining and operating fire stations and equipment and providing fire protection to approximately 2,000 residents within the boundaries of the Fire District. The Fire District maintains and operates three stations within its boundaries. The Fire District is staffed by one part-time administrative employee and twenty part-time firefighters.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the DeSoto Parish Fire Protection District No. 2 have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basis financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

The more significant accounting policies established by GAAP and used by the DeSoto Parish Fire Protection District No. 2 are discussed below.

**A. REPORTING ENTITY**

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the governmental reporting entity and which component units should be included within the reporting entity. Under provisions of this Statement, the DeSoto Parish Fire Protection District No. 2 was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the Fire District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

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

**B. BASIS OF PRESENTATION**

The DeSoto Parish Fire Protection District No. 2's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

## DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2

### Keatchie/Shiloh/Gloster, Louisiana

#### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Fire District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### Fund Financial Statements

The accounts of the Fire District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The major governmental fund of the Fire District is described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund of the Fire District and is used to account for the operations of the Fire District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Fire District's policy,

#### C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, and transfers—and assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

#### Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. The statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

#### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

*Revenues.* Ad Valorem (property) taxes and parcel fees are recognized in the year in which the taxes are assessed or billed. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Intergovernmental revenues and grants are recognized when the Fire District is entitled to funds. Interest income on deposits are recorded monthly when the interest is earned and credited to the account.

*Expenditures.* Salaries are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

**D. ASSETS, LIABILITIES AND EQUITY****Cash and interest-bearing deposits**

Cash and cash equivalents include amounts in demand accounts, savings accounts, and certificates of deposits with 90-day or less maturity term at time of purchase. Under state law, the Fire District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Fire District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**Prepaid Expenses**

Payments made to vendors for services that will benefit future accounting periods beyond December 31, 2021, are recorded as prepaid expenses.

**Accounts Receivable**

Major receivables for the governmental activities include ad valorem taxes, state revenue sharing, and parcel fees. The Fire District uses the allowance method to account for bad debts for parcel fees. Under this method, an estimate is made of the expected bad debts included in the year-end receivables. The provision is recorded as a decrease to the current revenue with a corresponding increase to the allowance for doubtful accounts. The Fire District feels that at this time there is no need for an allowance for doubtful accounts for uncollectible ad valorem tax receivables. Accounts receivable are reported in the financial statements net of the allowance account.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

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

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

|                        |            |
|------------------------|------------|
| Buildings              | 40 years   |
| Firefighting equipment | 5-10 years |
| Fire trucks            | 7-15 years |
| Furniture and fixtures | 5 years    |

**Unavailable ad valorem taxes**

The Fire District recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes as of December 31, 2021, are recorded as a receivable. Those net property taxes receivable which were not collected within 60 days immediately following December 31, 2021, are recorded as unavailable tax revenue.

**Equity Classifications**Net Position

The Fire District classifies net position in the government-wide financial statements, as follows:

- Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – Consists of all other net position that do not meet the definition of the above two components and is available for general use by the Fire District.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Fire District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

Fund Balances

In accordance with GASB 54, the Fire District classifies fund balances in governmental funds as follows:

- Nonspendable- amounts that are not in spendable form (such as prepaid expenses) or are legally or contractually required to be maintained intact,
- Restricted- amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provisions, or by enabling legislation,

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

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

- Committed- amounts constrained to specific purposes by the Fire District itself, using its highest level of decision making authority, to be reported as committed, amounts cannot be used for any other purpose unless the Fire District takes the same highest level action to remove or change the constraint,
- Assigned- amounts the Fire District intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body, to which the governing body delegates the authority,
- Unassigned- amounts that are available for any purpose, positive amounts are reported only in the general fund.

The Fire District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**E. 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.

**2. CASH AND INTEREST-BEARING DEPOSITS**

At December 31, 2021, the Fire District has cash and cash equivalents totaling \$1,592,347 (book balance). Cash and cash equivalents are stated at cost, which approximates market.

The cash of the DeSoto Parish Fire Protection District No. 2 is subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire District that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Fire District's name.

At December 31, 2021, the Fire District has \$1,595,155 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and by \$1,095,155 of pledged marketable securities held by the custodial bank with a value of \$3,106,204.

**3. ACCOUNTS RECEIVABLE**

The following is a summary of receivables at December 31, 2021:

|                  |                   |
|------------------|-------------------|
| Ad valorem taxes | \$ 913,619        |
| Parcel fees, net | <u>17,615</u>     |
|                  | <u>\$ 931,234</u> |

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

**4. CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2021 are as follows:

| Governmental Activities              | Balance<br>December 31, 2020 | Additions           | Deletions /<br>Reclassification | Balance<br>December 31, 2021 |
|--------------------------------------|------------------------------|---------------------|---------------------------------|------------------------------|
| Capital assets not being depreciated |                              |                     |                                 |                              |
| Land                                 | \$ 29,972                    | \$ -                | \$ -                            | \$ 29,972                    |
| Construction In Progress             | 788,812                      | -                   | (788,812)                       | -                            |
| Total                                | <u>818,784</u>               | <u>-</u>            | <u>(788,812)</u>                | <u>29,972</u>                |
| Capital assets being depreciated     |                              |                     |                                 |                              |
| Vehicles                             | 1,646,156                    | -                   | -                               | 1,646,156                    |
| Buildings                            | 1,332,584                    | 50,060              | 788,812                         | 2,171,456                    |
| Firefighting Equipment               | 385,538                      | 11,651              | -                               | 397,189                      |
| Furniture & Fixtures                 | 5,369                        | -                   | -                               | 5,369                        |
| Office Equipment                     | 5,766                        | -                   | -                               | 5,766                        |
| Total                                | <u>3,375,413</u>             | <u>61,711</u>       | <u>788,812</u>                  | <u>4,225,936</u>             |
| Less accumulated depreciation        |                              |                     |                                 |                              |
| Vehicles                             | \$ 1,090,545                 | \$ 90,951           | \$ -                            | \$ 1,181,496                 |
| Buildings                            | 328,774                      | 56,602              | -                               | 385,376                      |
| Firefighting Equipment               | 311,579                      | 28,047              | -                               | 339,626                      |
| Furniture & Fixtures                 | 5,032                        | 213                 | -                               | 5,245                        |
| Office Equipment                     | 5,765                        | -                   | -                               | 5,765                        |
| Total                                | <u>1,741,695</u>             | <u>175,813</u>      | <u>-</u>                        | <u>1,917,508</u>             |
| Capital assets, net                  | <u>\$ 2,452,502</u>          | <u>\$ (114,102)</u> | <u>\$ -</u>                     | <u>\$ 2,338,400</u>          |

Depreciation expense of \$175,813 was charged to the public safety function.

**5. LEVIED TAXES**Ad Valorem Taxes

The Fire District levies taxes on real and business property located within the boundaries of the Fire District. Property taxes are levied by the Fire District on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The DeSoto Parish Sheriff's office bills and collects property taxes for the Fire District. Collections are remitted to the Fire District monthly. The Fire District recognizes property tax revenues when levied.

The property tax calendar is as follows:

|                            |                   |
|----------------------------|-------------------|
| Assessment date            | January 1, 2021   |
| Levy date                  | June 30, 2021     |
| Tax bills mailed           | October 15, 2021  |
| Total taxes are due        | December 31, 2021 |
| Penalties & interest added | January 31, 2022  |
| Tax sale                   | May 15, 2022      |

The Fire District has authorized and levied an 8.93 ad valorem tax millage for 2021. The resolution assessing the taxes was approved by the district voters April 6, 2013, effective January, 2014, and expires in the year 2023. The assessment is to cover the cost of the purchase of fire protection equipment and the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

**5. LEVIED TAXES** (continued)

Ad valorem taxes are recorded in the year the taxes are assessed. The taxes are normally collected in December of the current year and January and February of the ensuing year. Total assessed value in the Fire District was \$100,235,078 in 2021. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$3,774,602 in 2021. Total of ad valorem tax revenues recognized in 2021 by the Fire District was \$894,715. There were no taxes abated within the Fire District for the current year.

The following are the principal taxpayers for the Fire District (2021 amounts):

|                                 | TYPE OF<br>BUSINESS | ASSESSED<br>VALUATION | % OF TOTAL<br>ASSESSED<br>VALUATION | AD VALOREM<br>TAX REVENUE<br>FOR FIRE<br>DISTRICT |
|---------------------------------|---------------------|-----------------------|-------------------------------------|---|
| DTE Leap Gas Gathering          | Oil & Gas           | 14,533,286            | 13.97%                              | 125,045   |
| Comstock Oil & Gas              | Oil & Gas           | 12,758,190            | 12.27%                              | 109,829   |
| Indigo Material LLC             | Oil & Gas           | 10,902,125            | 10.48%                              | 93,806  |
| Chesapeake Enery Louisiana Corp | Oil & Gas           | 7,771,291             | 7.47%                               | 66,864  |
| ETC Tiger Pipeline LLC          | Oil & Gas           | 6,514,147             | 6.26%                               | 56,033  |
| Gulf Souther Pipeline CO, LP    | Oil & Gas           | 5,762,300             | 5.54%                               | 49,589  |
| Exco Operating Company          | Oil & Gas           | 4,880,514             | 4.69%                               | 41,980  |
| GEP Haynesville, LLC            | Oil & Gas           | 3,890,425             | 3.74%                               | 33,477  |
| Goodrich Petroleum Corp LLC     | Oil & Gas           | 3,783,836             | 3.64%                               | 32,582  |
| ETC Texas Pipeline LLC          | Oil & Gas           | 3,748,089             | 3.60%                               | 32,224  |
| Total                           |                     | <u>74,544,203</u>     | <u>71.66%</u>                       | <u>641,429</u>                                    |

Parcel fees

As per Louisiana R.S. 40:1502, DeSoto Parish Fire Protection District No. 2 annually levies a service charge of \$35 to persons owning property located within its boundaries. The resolution assessing the service charges was approved by the district voters November 5, 2002, and effective January, 2004, to continue for ten years. The assessment was reapproved on April 6, 2013. The assessment is to cover the cost of the purchase of fire protection equipment and the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes.

The assessment calendar:

|                          |                   |
|--------------------------|-------------------|
| Assessment date          | January 1, 2021   |
| Levy date                | June 30, 2021     |
| Bills mailed             | October 1, 2021   |
| Total service charge due | December 31, 2021 |
| Lien date                | not applicable    |

The Fire District assessed \$35,070 in service charges in 2021 and recognized \$35,070 in revenue.

The service charge receivables at December 31, 2021, are as follows:

|   |                  |
|---|------------------|
| Service charge (parcel) fees receivable | \$ 232,206       |
| Allowance for bad debts                 | (214,591)        |
| Parcel fees receivable                  | <u>\$ 17,615</u> |

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**As of and for the Year Ended December 31, 2021

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**6. DEFERRED INFLOWS OF RESOURCES**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fire District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in the category. Accordingly, the item, unavailable ad valorem tax revenue, is reported only in the governmental funds balance sheet.

**7. RISK MANAGEMENT**

The Fire District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of asset and errors and omissions. To handle some of the risk, the Fire District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2021.

**8. LITIGATION**

There is no litigation pending against the Fire District, at December 31, 2021, nor is it aware of any unasserted claims.

**9. RELATED PARTY TRANSACTIONS**

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. There was one related party transaction noted. During the year ended 2020, the Fire District entered into a Cooperative Endeavor Agreement (CEA) and Lease Agreement with the DeSoto Parish Ambulance District for the construction of a shared station in Keatchie, Louisiana (see Note 12). In July 2021, the Village of Keatchie appointed Joe Magee, Administrator of the DeSoto Parish Ambulance District, to serve on the board of the Louisiana Fire District. Two Attorney General Opinions were issued on the appointment. In the opinion of the Attorney General, the provisions of the Dual Officeholding and Dual Employment Law did not prohibit the Administrator of the EMS serving as a board member of the Fire District. The Attorney General also stated that since the Dual Officeholding and Dual Employment Law does not address cooperative endeavor agreements, it was the opinion of their office the CEA did not prohibit the Administrator from serving as a board member. The Attorney General noted their expressed opinion was limited to the examination of the Dual Officeholding and Dual Employment Law and did not address the potential applicability of the provisions of the Louisiana Code of Governmental Ethics. The Fire District paid \$863,144 to the Ambulance District under the agreements of the CEA described in Note 12.

**10. COMPENSATION PAID TO BOARD MEMBERS**

The members of the Board of Commissioners of the Fire District receive no compensation for their services.

**11. RETIREMENT COMMITMENTS**

The Fire District had twenty-one employees who are members of the Federal Social Security System. The Fire District and its employees contribute a percentage of the employee's salary to the System (6.2% by the employee). The Fire District's contribution was \$15,982 for the year ended December 31, 2021.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2****Keatchie/Shiloh/Gloster, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**As of and for the Year Ended December 31, 2021

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**12. COOPERATIVE ENDEAVOR AGREEMENTS**

During 2019, the Fire District, along with 5 other Parish Fire Districts, entered into a Cooperative Endeavor Agreement with the DeSoto Parish Sheriff's Office. The Sheriff's Office will provide the Fire Districts with adequate dispatching services for the annual sum of \$275,000 (payable in four quarterly payments) to be paid proportionally by each of the Fire Districts based on 2018 millage revenues. The total portion of Fire District 2 is \$23,254 (\$5,813.50 due quarterly). The DeSoto Sheriff agreed to hire 4 full time employees to provide the dispatching services and to employ a communications supervisor for those employees dispatching for the Fire Districts.

During 2020, the Fire District entered into a Cooperative Endeavor Agreement with the Ambulance District governing a Lease Agreement for three apparatus bays and four dormitories in the new Station 6 currently under construction in Keatchie, Louisiana, by the Ambulance District. Rent to be paid to the Ambulance District shall be one-half of all the cost of construction for the new Station 6. One-half of the rent shall be due upon invoicing by the Ambulance District when construction is at 50% completion. The remaining one-half of the rent shall be due upon completion of construction and invoicing by the Ambulance District. Fire District 2 will reimburse one-half of all the utilities and one-half of the insurance premiums covering the building and any shared movables thereon. The Fire District paid \$842,055 in construction costs, \$13,003 for furniture and appliances, and reimbursed the Ambulance District \$8,085 in utility reimbursements during 2021 under this CEA.

**13. SUBSEQUENT EVENTS**

Management has evaluated events through August 15, 2022, which is the date the financial statements were available.

The ad valorem tax assessment for the Fire District is set to expire in April, 2023; however, as of the date of this report, the renewal has not been placed on the ballot for the upcoming election. Failure to renew this assessment would result in a complete loss of revenue for the Fire District, subsequently leading to a going concern.

Subsequent to the 2021 year end, the Fire District has undergone many changes in board membership and key management personnel. Questions have been raised regarding potential ethics violations relative to personnel matters and agreements between the Fire District and the DeSoto Ambulance District.

REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE 1

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Keatchie/Shiloh/Gloster, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the year ended December 31, 2021

|  | <u>Budgeted Amounts</u> |                  |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>       |   |
| <b>Revenues</b>                        |                         |                  |                     |   |
| Ad valorem taxes                       | \$ 763,294              | \$ 763,294       | \$ 894,715          | \$ 131,421  |
| Parcel fees                            | 25,000                  | 25,000           | 35,070              | 10,070  |
| Intergovernmental revenue- state funds |                         |                  |                     |   |
| Fire insurance rebate                  | 9,000                   | 9,000            | 8,691               | (309)   |
| State revenue sharing                  | 4,500                   | 4,500            | 4,588               | 88  |
| Contributions                          | -                       | -                | 1,000               | 1,000   |
| Oil & gas royalties                    | 500                     | 500              | 3,167               | 2,667   |
| Other revenues                         | -                       | -                | 10,197              | 10,197  |
| Interest income                        | 12,000                  | 12,000           | 9,328               | (2,672)   |
| Total Revenues                         | <u>814,294</u>          | <u>814,294</u>   | <u>966,756</u>      | <u>152,462</u>  |
| <b>Expenditures</b>                    |                         |                  |                     |   |
| Current public safety-fire:            |                         |                  |                     |   |
| Personal services & related benefits   | 500,000                 | 500,000          | 279,727             | 220,273   |
| Operating expenses                     | 145,000                 | 145,000          | 101,031             | 43,969  |
| Materials & supplies                   | 122,500                 | 122,500          | 91,948              | 30,552  |
| Travel, training & other charges       | -                       | -                | -                   | -   |
| Capital outlays                        | <u>2,000,000</u>        | <u>2,000,000</u> | <u>61,711</u>       | <u>1,938,289</u>  |
| Total Expenditures                     | <u>2,767,500</u>        | <u>2,767,500</u> | <u>534,417</u>      | <u>2,233,083</u>  |
| Net Change in Fund Balance             | (1,953,206)             | (1,953,206)      | 432,339             | 2,385,541   |
| <b>Fund balance, beginning of year</b> | <u>2,028,773</u>        | <u>2,028,773</u> | <u>2,028,773</u>    | <u>-</u>  |
| <b>Fund balance, end of year</b>       | <u>\$ 75,567</u>        | <u>\$ 75,567</u> | <u>\$ 2,461,112</u> | <u>\$ 2,385,545</u>                                     |

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Keatchie/Shiloh/Gloster, Louisiana**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
Year Ended December 31, 2021

**Budgetary Information**

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the cash basis of accounting. The budget comparison schedules present the original adopted budget and the final amended budget. The Fire District did not amend the budget during the year.

The Fire District is required by state law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the Fire District. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The Board approved the 2021 budget at a meeting on December 8, 2020.

For the year ended December 31, 2021, actual revenues were more than budgeted amounts by \$152,462 and expenditures were less than appropriations in the General Fund by \$2,233,083 or 80.69%.

The Fire District is in compliance with the Local Government Budget Act R.S. 39:1301-1316 and the budget requirements of R.S. 39-1331-1342.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

## SCHEDULE 2

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Keatchie/Shiloh/Gloster, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended December 31, 2021

|  | <b>Noel Tucker</b> |
|--|--------------------|
|  | <u>Fire Chief</u>  |
| Salary                                 | \$ 38,206          |
| Benefits-insurance (Medicare)          | 554                |
| Benefits- retirement (Social Security) | 2,369              |
| Benefits - other                       | -                  |
| Car allowance                          | -                  |
| Vehicle provided by government         | -                  |
| Per diem                               | -                  |
| Reimbursements                         | -                  |
| Travel                                 | -                  |
| Registration fees                      | -                  |
| Conference travel                      | -                  |
| Training                               | -                  |
| Housing                                | -                  |
| Unvouchered expenses                   | -                  |
| Special meals                          | -                  |
| Total                                  | <u>\$ 41,129</u>   |

See independent auditor's report.

OTHER REPORTS/SCHEDULES

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
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321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
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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*

DeSoto Parish Fire Protection District No. 2  
296 Depot Road  
Keatchie, LA 71046

We 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Fire Protection District No. 2's (the Fire District) basic financial statements and have issued our report thereon dated August 15, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fire District's internal control over financial reporting (internal control) as a basis for designing 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 Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District'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.

Our 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters required to be reported under *Government Auditing Standards*, identified as Item 2021-001 in the Schedule of Audit Findings and Responses.

## Management's Response to Finding

DeSoto Parish Fire Protection District No. 2's response to the finding identified in our audit is described in the Schedule of Audit Findings and Responses. The Fire District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, according, we express no opinion thereon.

## 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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway + Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

August 15, 2022

DeSoto Parish Fire Protection District No. 2  
Keatchie/Shiloh/Gloster, Louisiana  
Schedule of Audit Findings and Responses  
Year Ended December 31, 2021

I. Summary of Audit Results

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Fire Protection District No. 2 as of and for the year ended December 31, 2021.
2. The audit did not disclose any material weaknesses in the internal control.
3. The audit disclosed one instance of noncompliance required to be reported under *Governmental Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance –

*2021-001 Late Submission of Report*

*Criteria* – Louisiana law requires that the Fire District have an annual audit performed and submitted to the Legislative Auditor within six (6) months after the close of the fiscal year.

*Condition* – For the year ended December 31, 2021, the Fire District did not submit the annual audit within six months after the close of their fiscal year.

*Effect* – The Fire District is not in compliance with state law until the audit report is filed with the Legislative Auditor, and The Fire District may be added to the Legislative Auditor's noncompliance list.

*Cause* – The Fire District was not ready for the auditors to begin work before the filing deadline.

*Recommendation* – The Fire District should institute procedures to ensure that the books and records are prepared, reconciled and available within 45 days after the end of their fiscal year.

*Management's Response* – The Fire District has engaged an outside accountant to assist with year-end financial statement preparation, and will implement year-end procedures to ensure that the books and records are prepared, reconciled and available for the auditors to begin work in a timely manner.

III. PRIOR YEAR AUDIT FINDING

Internal Control –

*2020-001 Inadequate Design of Internal Control over Financial Statement Presentation*

*Condition* – The DeSoto Parish Fire Protection District No. 2's staff responsible for preparation of the financial statements and related footnote disclosure in accordance with GAAP lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

*Status* – The Fire District has engaged an outside accountant to prepare the financial statements and related footnote disclosures. At December 31, 2021, this finding was resolved.

**T | C | B | T**  
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**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING  
STATEWIDE AGREED-UPON PROCEDURES**

To the DeSoto Parish Fire Protection District No. 2  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The DeSoto Parish Fire Protection District No. 2’s (Fire District) management is responsible for those C/C areas identified in the SAUPs.

The Fire District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. We obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
  - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ***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.
  - ***Disbursements***, including processing, reviewing, and approving.
  - ***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.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedule.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **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).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **Information Technology 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.
- **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Procedure Results - We noted the following exceptions. Although the Fire District advised that written policies were implemented, the Fire District was not able to provide copies of the written policies and procedures for Information Technology Disaster Recovery/ Business Continuity and Sexual Harassment.*

### ***Board or Finance Committee***

---

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
  - Observed 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.
  - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

- Obtained the prior year audit report and observed the unassigned fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the General Fund.

*Procedure Results – We noted no exceptions in this category.*

### ***Bank Reconciliations***

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3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
  - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - 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
  - 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.

*Procedure Results – We noted no exceptions in this category.*

### ***Collections (excluding electronic funds transfers)***

---

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).

*Procedure Results – The Fire District has only one deposit site.*

5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties were properly segregated at each collection location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.

*Procedure Results – The Fire District does not utilize a cash drawer or register. Collections are primarily received by mail, and physical collections are stored in a secured location.*

- 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.

*Procedure Results – The Fire District does not employ full-time personnel responsible for collecting cash. A part-time clerk is responsible for preparing deposits and can also collect cash and make deposits if volunteer firefighters are not available to do the tasks.*

- 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.

*Procedure Results – The part-time clerk is also responsible for posting deposits.*

- 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/official verifies the reconciliation.

*Procedure Results – The Fire District does not have an employee responsible for reconciling collections to the general ledger. A board member is responsible for reviewing bank statements and reconciliations.*

6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed that the bond or insurance policy for theft was enforced during the fiscal period.

*Procedure Results – No exceptions were noted as a result of this procedure.*

7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). We obtained supporting documentation for each of the deposits selected and:

- We observed that receipts are sequentially pre-numbered.

*Procedure Results – The Fire District does not utilize sequentially pre-numbered receipts.*

- We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*Results – The Fire District has two primary sources of revenue: (1) ad valorem taxes (direct collection of which is managed by the DeSoto Parish Sheriff) and (2) a parcel fee that the Fire District manages. There was no issue noted with documentation of ad valorem tax collections, except that the Fire District does not log collections received. Parcel fee collections reviewed did not include sufficient documentation. The entity does not log collections and does not issue receipts for physical payments made allowing for reconciliation of deposits to a system receivables report prepared.*

- We traced the deposit slip total to the actual deposit per the bank statement.

*Procedure Results – No exceptions were noted as a result of this procedure.*

- We observed 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 and the cash is stored securely in a locked safe or drawer).

*Procedure Results – The Fire District does not log collections to allow for confirmation of timely deposits. The clerk stated that deposits are routinely made once each week.*

- We traced the actual deposit per the bank statement to the general ledger.

*Procedure Results – No exceptions were noted as a result of this procedure.*

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

---

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).

*Procedure Results – Payments are processed at only one location.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. We obtained 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 we observed that job duties are properly segregated such that:

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

*Procedure Results – No exceptions were noted as a result of this procedure.*

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

*Procedure Results – No exceptions were noted as a result of this procedure.*

- 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.

*Procedure Results – The clerk is responsible for processing payments and is prohibited by policy from adding or modifying vendor files.*

- 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.

*Procedure Results – No exceptions were noted as a result of this procedure.*

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

- We observed that the disbursement matched the related original itemized invoice and that documentation indicates that deliverables included on the invoice were received by the entity.

*Procedure Results – No exceptions were noted as a result of this procedure.*

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

*Procedure Results – No exceptions were noted as a result of this procedure.*

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. We obtained 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. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), and obtained supporting documentation, and:
  - We observed 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 (or electronically approved), by someone other than the authorized card holder.
  - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified 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). For missing receipts, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Procedure Results – We noted no exceptions in this category.*

### ***Travel and Expense Reimbursement***

---

14. We obtained 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. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
  - If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Procedure Results – There were no applicable reimbursements to test.*

- If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Procedure Results – We noted no exceptions as a result of this procedure.*

- We observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Procedure Results – We noted no exceptions as a result of this procedure.*

- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Procedure Results – We noted no exceptions as a result of this procedure.*

### ***Contracts***

---

15. We obtained 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. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, excluding our contract, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
  - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

*Procedure Results – We noted no exceptions in this category.*

### ***Payroll and Personnel***

---

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
- We observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - We observed that supervisors approved the attendance and leave of the selected employees/officials.
  - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - We observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found with the personnel file.

18. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. If applicable, we agreed the hours to the employees or officials' cumulative leave records, and the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and the termination payment to entity policy.
19. We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

*Procedure Results – We noted no exceptions in this category.*

### ***Ethics***

---

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - We observed that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*Procedure Results – We noted no exceptions in this category.*

### ***Debt Service***

---

21. We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. We selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*Procedure Results – There was no debt incurred nor outstanding for the Fire District.*

### ***Fraud Notice***

---

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

24. We observed whether 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.

*Procedure Results – We noted no exceptions in this category.*

### ***Information Technology Disaster Recovery/Business Continuity***

---

25. We performed the following procedures:

- We obtained and inspected the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on the physical medium (e.g., tapes, CDs), we observed that backups are encrypted before being transported.
- We obtained and inspected the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- We obtained a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*Procedure Results – We performed the procedures and discussed the results with management.*

### ***Sexual Harassment***

---

26. We randomly selected the employees/officials from procedure #16 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*Procedure Results – The Fire District was not able to provide documentation of the required sexual harassment training for two of the selected employees. Management advised that the selected employees were dual employees with other governmental agencies, and their training was obtained through other agencies.*

27. We observed that the entity has posted its sexual harassment policy and complaint procedures on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

*Procedure Results – The Fire District has not posted its sexual harassment policy and complaint procedures as indicated.*

28. We obtained the entity’s annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that it includes the applicable requirements of R.S. 42:344:

- Number and percentage of public servants in the agency who have completed the training requirements;
- Number of sexual harassment complaints received by the agency;

- Number of complaints which resulted in a finding that sexual harassment occurred;
- Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- Amount of time it took to resolve each complaint.

*Procedure Results – The Fire District did not prepare the annual report.*

We were engaged by the Fire District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

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Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

August 15, 2022

DeSoto Parish Fire Protection District No. 2  
Keatchie/Shiloh/Gloster, Louisiana  
Management's Responses to Exceptions to  
Statewide Agreed-Upon Procedures  
December 31, 2021

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Written Policies and Procedures –

Exception: Although the Fire District advised that written policies were implemented, the Fire District was not able to provide copies of the written policies and procedures for Information Technology Disaster Recovery/Business Continuity and Sexual Harassment.

Response: Due to changes in key management personnel, the Fire District was not able to locate printed copies of all of the written policies and procedures. Management will locate and/or recreate the missing written policies.

Collections –

Exception: The part-time clerk is responsible for preparing deposits and can also collect cash and make deposits, and is also responsible for posting deposits to the general ledger. The Fire District does not have an employee responsible for reconciling collections to the general ledger. The Fire District does not utilize sequentially pre-numbered receipts. The Fire District does not log collections and does not issue receipts for parcel fee payments, and has no system for reconciling deposits to a receivable report. The Fire District does not deposit collections within one business day of collection.

Response: The Fire District has a part-time clerk and rotating firefighters available to manage the role necessary for making the seasonal collections of the Fire District. Management does not believe a collection log and sequentially pre-numbered receipts system can be realistically implemented in a consistent and effective manner with a part-time clerk and rotating group of firefighters. Invoices mailed for service fee encourage mailed check payments and a sign is posted at the collection location highlighting that no cash is accepted.

Sexual Harassment –

Exceptions: (1) The Fire District was not able to provide documentation of the required sexual harassment training for two of the selected employees; (2) The Fire District has not properly posted its sexual harassment policy and complaint procedures; and (3) The Fire District did not prepare the required annual report.

Response: Management will ensure that documentation of sexual harassment training for all employees is maintained in the Fire District's personnel files, even if the training is completed through other governmental agencies. Management will properly post its sexual harassment policy and complaint procedures in a conspicuous location. Management will comply with regulations on sexual harassment guidelines by preparing and maintaining the annual report.