

**NATCHITOCHEs PARISH
FIRE PROTECTION DISTRICT NO. 1**

**FINANCIAL REPORT
DECEMBER 31, 2019**

Natchitoches Parish Fire Protection District No. 1
 Financial Report
 December 31, 2019

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NATCHITOCHEES PARISH FIRE PROTECTION DISTRICT NO. 1

P. O. Box 62
Clouterville, LA 71416

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Natchitoches Parish Fire District No. 1's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended December 31, 2019. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the District's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and presents a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the District are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2019</u>	<u>2018</u>
ASSETS:		
Assets	\$ 795,100	\$ 870,222
Capital Assets, Net of Accumulated Depreciation	<u>1,275,884</u>	<u>514,966</u>
Total Assets	<u>\$2,070,984</u>	<u>\$1,385,188</u>
LIABILITIES:		
Current Liabilities	\$ 126,722	\$ 1,104
Long-term Liabilities	<u>559,973</u>	<u>0</u>
Total Liabilities	<u>\$ 686,695</u>	<u>\$ 1,104</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 715,911	\$ 514,966
Unrestricted	<u>668,378</u>	<u>869,118</u>
Total Net Position	<u>\$1,384,289</u>	<u>\$1,384,084</u>

Summary of Statement of Activities

	<u>2019</u>	<u>2018</u>
REVENUES:		
Program Revenues-		
Intergovernmental	\$ 12,134	\$ 12,134
General Revenues-		
Taxes	350,754	389,380
Other	<u>6,904</u>	<u>1,329</u>
Total Revenues	<u>\$369,792</u>	<u>\$402,843</u>
EXPENSES:		
Current-		
Public Safety	<u>\$369,587</u>	<u>\$152,114</u>
Change in Net Position	\$ <u>205</u>	<u>\$250,729</u>

- The District's assets exceeded its liabilities by \$1,384,289 (net position) for the year. For the prior year this was \$1,384,084.
- Unrestricted Net Position of \$668,378 represents the portion available to maintain the District's obligation to both citizens and creditors. This is a decrease of \$200,740 from prior year.

General Fund Budgetary Highlights

Revenues continue to be sufficient to enable the District to provide the necessary fire protection services to the citizens of the District.

Economic Factors and Next Year's Budget

As the primary revenue source for the District is property taxes, this type of tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases or decreases in the tax base would be evident. Revenues and expenditures for 2020 should not change significantly from 2019.

Contacting the Fire District

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at P. O. Box 62 Clouterville, LA 71416.

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
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT

Natchitoches Parish Fire
Protection District No. 1
P. O. Box 62
Cloutierville, LA 71416

We have audited the accompanying financial statements of the governmental activities and major fund of the Natchitoches Parish Fire District No. 1 (District), a component unit of the Natchitoches Parish Government, as of and for the year ended December 31, 2019, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 June 12, 2020, on our consideration of the 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 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 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 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 June 12, 2020, 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
Certified Public Accountants
Natchitoches, Louisiana

June 12, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 1
Statement of Net Position
December 31, 2019

	<u>Governmental Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 429,907
Revenue Receivable	<u>365,193</u>
Total Current Assets	\$ 795,100
Non-current Assets-	
Capital Assets (Net)	<u>1,275,884</u>
Total Assets	<u>\$2,070,984</u>
LIABILITIES:	
Current Liabilities	
Current Portion of Long-Term Debt	\$ 126,722
Long-Term Liabilities	
Long-Term Debt	<u>559,973</u>
Total Liabilities	<u>\$ 686,695</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 715,911
Unrestricted	<u>668,378</u>
Total Net Position	<u>\$1,384,289</u>

See notes to financial statements and independent auditor's report.

Natchitoches Parish Fire Protection District No. 1
Statement of Activities
December 31, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Public Safety	<u>\$369,587</u>	<u>\$0</u>	<u>\$12,134</u>	<u>\$0</u>	<u>\$ (357,453)</u>
		General Revenues:			
		Taxes:			
					\$ 324,936
					25,818
		Miscellaneous:			
					<u>6,904</u>
					<u>\$ 357,658</u>
					\$ 205
					<u>1,384,084</u>
					<u>\$1,384,289</u>

See notes to financial statements and independent auditor's report.

FUND FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 1
Balance Sheet-Governmental Fund
December 31, 2019

Assets:

Cash & Cash Equivalents	\$429,907
Revenue Receivable	<u>365,193</u>
Total Assets	<u>\$795,100</u>

Fund Balance:

Unassigned	<u>\$795,100</u>
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See notes to financial statements and independent auditor's report.

Natchitoches Parish Fire Protection District No. 1
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2019

Total Fund Balance for the Governmental Fund at December 31, 2019 \$ 795,100

Amounts reported for Governmental Activities
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not
current financial resources and, therefore, are not
reported in the Governmental Fund Balance Sheet.
Those assets consist of:

Capital Assets (Net) 1,275,884

The following are not due and payable in current period;
and, therefore, are not reported on the Governmental Funds
balance Sheet:

Long-term debt (686,695)

Total Net Position of Governmental Activities at December 31, 2019 \$1,384,289

Natchitoches Parish Fire Protection District No. 1
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2019

REVENUES:	
Taxes-	
Ad Valorem Tax	\$ 324,936
Parcel Fee	25,818
Intergovernmental-	
Natchitoches Parish Government	12,134
Miscellaneous-	
Other	5,566
Interest	<u>1,338</u>
Total Revenues	<u>\$ 369,792</u>
EXPENDITURES:	
Current-	
Public Safety-	
Office Expense	\$ 23,012
Fuel	4,852
Insurance	31,810
Equipment Repair & Maint.	95,340
Utilities	6,924
Capital Expenditures	<u>968,565</u>
Total Expenditures	<u>\$1,130,505</u>
Deficiency of Revenues over Expenditures	\$ (760,713)
OTHER FINANCING SOURCES:	
Debt Proceeds	<u>686,695</u>
Deficiency of Revenues and Other Sources over Expenditures	\$ (74,018)
Fund Balance-Beginning of Year	<u>869,118</u>
Fund Balance-End of Year	<u>\$ 795,100</u>

See notes to financial statements and independent auditor's report.

Natchitoches Parish Fire Protection District No. 1
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, 2019

Net Change in Fund Balance-Governmental Fund \$ (74,018)

Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. These timing differences are summarized below:

Depreciation Expense	(207,648)
Long-Term Debt	(686,694)
Capital Expenditures	<u>968,565</u>

Change in Net Position, per Statement of Activities \$ 205

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

1. Introduction:

Natchitoches Parish Fire Protection District No. 1 was created by the Natchitoches Parish Government, by ordinance in June 1982, under the provisions of Louisiana Revised Statutes 40:1492-1601, for the purpose of providing fire protection for the citizens of the District. The District is governed by a Board of Commissioners who are resident property taxpayers of the District. The commissioners are approved/appointed by the Natchitoches Parish Government. The District was created to acquire and maintain buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other such things necessary to provide proper fire protection and control within the District.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 1 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

A. Reporting Entity-

As the governing authority of the Parish, for reporting purposes, the Natchitoches Parish Government is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Government for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Parish Government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

Because the Natchitoches Parish Government created, by ordinance, Fire District No. 1, the District was determined to be a component unit of the Natchitoches Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Natchitoches Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the government-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the 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 recipient for goods or services offered by the program, 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.

C. Fund Accounting-

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

The major fund of the District is described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

D. Measurement Focus/Basis of Accounting-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

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 useful lives by type of asset is as follows:

Furniture, computers	5 years
Firefighting equipment	10 years
Ladders, hoses, airpacks	7 years
Radios	10 years
Fire trucks	15 years
Other vehicles	5 years
Buildings	40 years

Compensated Absences-

There are no employees of the District, therefore no entry is made to record compensated absences.

Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government 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;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$795,100. If applicable, the District would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the Natchitoches Parish Fire Protection District No. 1 adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Parish Fire Protection District No. 1 are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District 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 or exceed 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 on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank 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 District's name.

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

Bank account balances at December 31, 2019, totaled \$430,539, which were fully secured by FDIC Insurance and pledged securities.

4. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2019, is as follows:

<u>Governmental Activities</u>	<u>Balance 01-01-19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-19</u>
Capital Assets Not Depreciated:				
Land	\$ 5,155	\$ 0	\$ 0	\$ 5,155
Capital Assets Depreciated:				
Equipment	\$ 240,735	\$ 54,740	\$ 0	\$ 295,475
Radios	92,853	0	0	92,853
Fire trucks	767,080	913,825	35,000	1,645,905
Buildings	370,389	0	0	370,389
Total Capital Assets Depreciated	<u>\$1,471,057</u>	<u>\$968,565</u>	<u>\$35,000</u>	<u>\$2,404,622</u>
Total Assets	<u>\$1,476,212</u>	<u>\$968,565</u>	<u>\$35,000</u>	<u>\$2,409,777</u>
Less: Accumulated Depreciation:				
Equipment	\$ 174,939	\$ 37,176	\$ 0	\$ 212,115
Radios	89,238	3,615	0	92,853
Fire trucks	471,900	157,114	35,000	594,014
Buildings	225,168	9,743	0	234,911
Total Depreciation	<u>\$ 961,245</u>	<u>\$207,648</u>	<u>\$35,000</u>	<u>\$1,133,893</u>
Net Capital Assets	<u>\$ 514,967</u>	<u>\$760,917</u>	<u>\$ 0</u>	<u>\$1,275,884</u>

Depreciation expense of \$207,648 was charged to the public safety function.

5. Ad Valorem Taxes:

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 1. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	March 3
Lien date	March 3
Tax Sale	May 15

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose or in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2019. Total assessed value was \$45,624,727 in 2019. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$4,171,191 of the assessed value in 2019. For the year ended December 31, 2019, taxes of 7.020 mils were levied on the property and were dedicated to fire protection.

In addition to property taxes, the residents of Fire District No. 1, of Natchitoches Parish voted on and approved a proposition to levy and collect an annual parcel fee of \$25 on each lot on which a structure is located. The purpose of this assessment is to provide funds for acquiring, constructing, and maintaining fire protection facilities and equipment. The parcel fees attach as an enforceable lien and are levied in the same manner as property taxes described above.

For the year ended December 31, 2019, the District did collected \$324,936 in property taxes.

6. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2019.

7. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2019.

8. Compensation Paid to Board Members:

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

Natchitoches Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2019

9. Receivables:

The following is a summary of receivables at December 31, 2019:

<u>Class of Receivable</u>	<u>General Fund</u>
Taxes-	
Property Tax	\$337,664
Parcel Fee	<u>27,529</u>
Total	<u>\$365,193</u>

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

10. During the year ended December 31, 2019, the District issued \$686,694 of indebtedness. The indebtedness was purchased by Leasing 2, Inc. Interest and principal payments are due on October 13 for the years 2020 through 2025. The future payments are as follow:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$106,187	\$20,533	\$126,721
2021	109,363	17,358	126,721
2022	112,633	14,088	126,721
2023	116,001	10,720	126,721
2024	119,469	7,252	126,721
2025	<u>123,042</u>	<u>3,679</u>	<u>126,721</u>
Total	<u>\$686,695</u>	<u>\$73,630</u>	<u>\$760,325</u>

11. Subsequent Events:

Management has evaluated events through June 12, 2020 the date which the financial statements were available for issue.

On March 13, 2020, President Trump declared a national emergency relating to the COVID-19 virus. As of the date of this report, the pandemic is ongoing; however, management has evaluated the current economic conditions and declares that it has resulted in a decrease in revenues. The District is closely monitoring its financial statements for future impacts.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Natchitoches Parish Fire Protection District No. 1
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2019

Agency Head Name: Rickey Sanders, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	\$0

See notes to financial statements and independent accountant's audit report.

T | C | B | T
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321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

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*

Natchitoches Parish Fire
Protection District No. 1
P. O. Box 62
Cloutierville, LA 71416

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, 2019, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish Fire Protection District No. 1's (District) basic financial statements and have issued our report thereon dated June 12, 2020.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Natchitoches Parish Fire Protection District No. 1's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of audit findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, 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

June 12, 2020

Natchitoches Parish Fire Protection District No. 1
Schedule of Audit Findings
Year Ended December 31, 2019

I. SUMMARY OF AUDIT FINDINGS

The following summarize the audit findings:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Parish Fire Protection District No. 1 as of and for the year ended December 31, 2019.
2. The audit disclosed no instances of material weaknesses in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* (2019-001).

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following finding relates to the financial statements and is required to be reported:

Compliance-

2019-001 Local Government Budget Act

Criteria - Louisiana Revised Statutes require that the budget be adopted in an open meeting before the end of the prior fiscal year.

Condition - For the year ended December 31, 2019, the District did not adopt a budget.

Effect - The budget cannot be used as an effective management tool to control revenues and expenditures.

Cause - Oversight of management to ensure the budget is adopted in an open meeting before the end of the prior fiscal year.

Recommendation - The District should institute procedures to ensure that the budget is amended to comply with the Local Government Budget Act.

Management's Response - The District will institute policies and procedures to ensure the budget is properly amended prior to end of the year to be in compliance with Budget Act.

III. PRIOR YEAR FINDINGS

2018-001 Late Submission of Report

Condition - For the year ended December 31, 2018, the District did not submit the annual financial report within six months after the close of their fiscal year.

Status - The finding was cleared.

Natchitoches Parish Fire Protection District No. 1
Schedule of Audit Findings (continued)
Year Ended December 31, 2019

2018-002 *Local Government Budget Act*

Condition - The District did not prepare a budget for the General Fund as required by revised statutes.

Status - The finding was not cleared. (See 2019-001).

2018-003 *Cash Balance Unsecured*

Condition - For the year ended December 31, 2018, the District had an unsecured cash balance of 111,633.

Status - The finding was cleared.

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES

Natchitoches Parish Fire
Protection District No. 1
P. O. Box 62
Cloutierville, LA 71416

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of the Natchitoches Parish Fire Protection District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA’s Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. Natchitoches Parish Fire Protection District No. 1 is responsible for those C/C areas identified in the SAUPs.

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

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. We obtained and inspected the entity’s written policies and procedures and observed whether those written policies and procedures 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***, 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.
 - **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) requirement that all employees, including elected officials, annually attest through signature verification that they have read 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.
 - **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.
- a) Procedure Results - Exception noted. The District does not have any policies or procedures.

Board (or Finance Committee, if applicable)

2. We obtained and inspected the board/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 and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.
- a) Procedure Results - Exception noted. The minutes did not reference or include monthly budget-to-actual comparisons.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). 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.
 - a) Procedure Results - Exception noted. The District does not prepare bank reconciliations.

Collections

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 the required amount of deposit sites (up to five).
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 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.
 - 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.
 - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above. We obtained supporting documentation for each of the deposits selected and:
 1. We observed that receipts are sequentially pre-numbered.
 2. We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 3. We traced the deposit slip total to the actual deposit per the bank statement.
 4. 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).
 5. We traced the actual deposit per the bank statement to the general ledger.
 - a) Procedure Results - We noted one exception, which is none of the employees who handle cash are bonded.

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).
9. For each location selected under #8 above, 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.
 - At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
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:
 1. We observed that the disbursement matched the related original invoice/billing statement.
 2. We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

- a) Procedure Results - Exception noted. No purchase orders are utilized. The treasurer has access to all unused check with signatory authority privileges; however, all checks processed must have two signatures.

Debt Service (excluding nonprofits)

- 11. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
- 12. 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.

- a) Procedure Results - No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on those C/C areas identified in the SAUPs. Accordingly, 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.

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

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

June 12, 2020

Natchitoches Parish Fire Protection District No. 6
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2019

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 1: The District will strive to write policies and procedures for the future.
- Item 2: The District will strive to include budget-to-actual comparison in the month meetings.
- Item 3: The District will strive to perform bank reconciliations and will design and implement procedures whereby a board member will review the bank reconciliations.
- Item 4: The District will design and implement a process specifically defened to determine completeness of all collections, including electronic transfers.
- Item 5: The District does not consider it feasible to implement a purchase order/requisition system. However, all purchases are monitored, reviewed and approved by the Board.
- Item 5: The District uses an outside firm to process disbursements. Although there are no procedures to prevent vendors from being added, all payments are reviewed and approved by the Board.