

CADDO PARISH FIRE DISTRICT NO. 1

BLANCHARD, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2019

Marsha O. Millican  
A Professional Accounting Corporation  
Shreveport, Louisiana

# CADDO PARISH FIRE DISTRICT NO. 1

## TABLE OF CONTENTS December 31, 2019

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements:	
Government Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet - Governmental Funds	10
Reconciliation of Fund Balances on the Balance Sheets for Governmental funds to Net Assets of Governmental Activities on the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Notes to Financial Statements	14-29
Required Supplementary Information:	
Schedule of Budgetary/GAAP Reporting Reconciliation - General Fund	30
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Cash Basis) - General Fund	31
Schedule of Employer's Share of Net Pension Liability	32
Schedule of Employer Contributions	33
Notes to Retirement System Schedules	34
Other Supplementary Information	
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head	35
Schedule of Compensation Paid to Commissioners	36

**CADDO PARISH FIRE DISTRICT NO. 1**

**TABLE OF CONTENTS**

December 31, 2019

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Basic Financial Statements in Accordance with <i>Governmental Auditing Standards</i>	37-38
Corrective Action Taken on Prior Year Findings	39
Schedule of Findings	40



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## Independent Auditor's Report

To the Board of Commissioners  
Caddo Parish Fire District No. 1  
Blanchard, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities of Caddo Parish Fire District No. 1 (the District), a component unit of the Caddo Parish Commission, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caddo Parish Fire District No. 1, as of December 31, 2019, and the changes in financial position



for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Other Matters**

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

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

##### ***Other Supplementary Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head and schedule of compensation paid to commissioners is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my reported dated May 27, 2020 on my consideration of Caddo Parish Fire District No. 1's internal control over functional reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caddo Parish Fire District No. 1's internal control over financial reporting and compliance.



Certified Public Accountant  
May 27, 2020

**CADDO PARISH FIRE DISTRICT NO. 1  
P. O. BOX 538  
BLANCHARD, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Caddo Parish Fire District No. 1's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2019. Please read it in conjunction with the District's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The District had net position of \$4,471,267 at year end which represents a decrease from the prior year of \$27,748.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and Notes to Financial Statements. These components are described below:

***Basic Financial Statements***

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the District's net position and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

## FINANCIAL ANALYSIS OF THE ENTITY

### *Net Position*

Net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$4,471,267 as of December 31, 2019.

The District's major assets are its fixed assets of \$5,784,281 representing its investment in capital assets such as land, buildings and improvements, equipment and furniture, less the related debt used to acquire those assets that is still outstanding. The District owed \$1,636,333 at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending. Revenues needed to repay the related debt will be provided through tax assessments on property located within the District.

### **Caddo Parish Fire District No. 1 December 31,**

	<b>2019</b>	<b>2018</b>
Current assets	\$ 3,516,622	\$ 3,612,149
Capital assets	5,784,281	4,773,867
Total Assets	<u>9,300,903</u>	<u>8,386,016</u>
Deferred Outflows of Resources	<u>1,206,307</u>	<u>1,151,818</u>
Current liabilities	395,906	384,704
Noncurrent liabilities	5,188,006	4,277,970
Total liabilities	<u>5,583,912</u>	<u>4,662,674</u>
Deferred inflows of resources	<u>452,031</u>	<u>376,145</u>
Net position:		
Invested in capital assets, net of related debt	4,147,947	3,495,261
Reserved for special projects	400,000	400,000
Unrestricted	<u>(76,680)</u>	<u>603,754</u>
Net Position	<u>\$ 4,471,267</u>	<u>\$ 4,499,015</u>

**Changes in Net Position**

The District's net position decreased by \$27,748 during the year ended December 31, 2019. Approximately 29% (\$1,440,778) of the District's total revenue was derived through property taxes, while approximately 12% (\$578,700) was derived through charges for structure fees. Expenses incurred by the District are primarily for the provision of fire protection and emergency medical treatment to the citizens of the District. Approximately 59% (\$2,964,481) of the District's expenses are for salaries and related payroll taxes and employee benefits.

In 2019, governmental activity revenue exceeded expenses, resulting in a decrease in net position of \$27,748.

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

	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Program revenues:		
Intergovernmental	\$ 265,633	\$ 265,991
Grants	-	-
General revenues:		
Property taxes	1,440,778	1,325,758
Structure fees	578,700	563,715
Ambulance fees	554,666	648,847
Sales tax	1,967,565	1,782,336
Other	175,759	211,783
	<u>4,983,101</u>	<u>4,798,430</u>
<b>Total revenues</b>		
	<u>4,983,101</u>	<u>4,798,430</u>
<b>Expenses:</b>		
Public safety - fire protection	4,971,954	4,500,414
Interest on long-term debt	38,895	24,436
	<u>5,010,849</u>	<u>4,524,850</u>
<b>Total expenses</b>		
	<u>5,010,849</u>	<u>4,524,850</u>
<b>Increase (Decrease) in net position</b>	<u>\$ (27,748)</u>	<u>\$ 273,580</u>

## **FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### ***Governmental Funds***

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

As of the end of the current year, the District's governmental funds reported combined ending fund balances of \$3,187,186.

Fund balance of \$3,103,231 was unreserved at year end and available for spending in the coming year.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The fund balance of the general fund decreased by \$202,266 during 2019.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The District's budget was amended during 2019.

The actual expenditures were \$254,759 less than budgeted; and the actual revenues were more than budgeted amounts by \$13,896.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### ***Capital Assets***

The District's investment in capital assets for its governmental activities as of December 31, 2019, totaled \$10,532,053, net of accumulated depreciation of \$4,747,772 leaving a book value of \$4,784,281. This investment in capital assets includes fire stations (land, buildings and improvements), fire trucks, emergency response vehicles, fire fighting and rescue equipment, office equipment and furniture (equipment and furniture).

Actual costs to purchase capital assets were \$1,537,346 for the year. Depreciation charges for the year totaled \$526,932.

### *Debt Administration*

The District incurred new long-term debt of \$838,978 in 2019. Principal payments on debt for the year ended December 31, 2019 totaled \$287,518. At December 31, 2019, total debt was \$1,636,333.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors were considered when the budget for the fiscal year ended December 31, 2020 was prepared.

Revenues are expected to stay consistent for 2020.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the finances of the Caddo Parish Fire District No. 1 for all of the District's citizens, taxpayers, investors, and creditors. The financial report seeks to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Dan J. Cotton, Caddo Parish Fire District No. 1, P. O. Box 538, Blanchard, Louisiana.

CADDO PARISH FIRE DISTRICT NO. 1

Statement of Net Position

December 31, 2019

	Governmental Activities
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,199,716
Ad valorem taxes receivable	1,305,547
Fire protection service charges receivable	570,513
Ambulance fees receivable	96,477
Sales tax receivable	217,831
Other receivables	42,583
Prepaid Expenses	83,955
Total Current Assets	<u>3,516,622</u>
<b>Noncurrent Assets</b>	
Capital Assets, net	<u>5,784,281</u>
Total Noncurrent Assets	<u>5,784,281</u>
Total Assets	<u>9,300,903</u>
<b>Deferred Outflows of Resources</b>	<u>1,206,307</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable and accruals	318,488
Current portion of long-term debt	77,418
Total Current Liabilities	<u>395,906</u>
<b>Long Term Liabilities</b>	
Notes payable	1,558,916
Pension liabilities	3,629,090
Total Long Term Liabilities	<u>5,188,006</u>
Total Liabilities	<u>5,583,912</u>
<b>Deferred Inflows of Resources</b>	<u>452,031</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	4,147,947
Unrestricted, designated for capital assets	400,000
Unrestricted	(76,680)
Net Position	<u>\$ 4,471,267</u>

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



**CADDO PARISH FIRE DISTRICT NO. 1**

Statement of Activities

For the Year Ended December 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants	Capital Grants and Contributions	
<b>Governmental Activities:</b>				
Public safety-fire protection	\$ 4,971,954	\$ -	\$ -	\$ (4,971,954)
Interest on long term debt	38,895	-	-	(38,895)
Total Governmental Activities	\$ 5,010,849	\$ -	\$ -	\$ (5,010,849)
<b>General Revenues:</b>				
Ad valorem taxes				1,440,778
Service fees				578,700
Ambulance fees				554,666
Sales tax revenue				1,967,565
State fire insurance rebate				49,242
State revenue sharing				54,391
State supplemental pay				162,000
Non-employer pension contribution				155,364
Interest Earned				5,652
Miscellaneous				14,743
Total General Revenues				4,983,101
Change in Net Position				(27,748)
<b>Net Position, beginning of year</b>				4,499,015
<b>Net Position, end of year</b>				\$ 4,471,267

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

CADDO PARISH FIRE DISTRICT NO. 1

Balance Sheet  
General Fund  
December 31, 2019

<b>ASSETS</b>	
Cash	\$ 1,199,716
Ad valorem taxes receivable	1,305,547
Structure fees receivable	570,513
Ambulance fees receivable	96,477
Sales tax receivable	217,831
Other receivables	42,583
Prepaid expenses	83,955
<b>Total Assets</b>	<b>\$ 3,516,622</b>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities	
Accounts payable and accruals	\$ 257,668
Unearned revenue	71,768
<b>Total Liabilities</b>	<b>329,436</b>
Fund Balance	
Nonspendable	
Prepaid expenses	83,955
Unassigned	3,103,231
<b>Total Fund Balances</b>	<b>3,187,186</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,516,622</b>

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

**CADDO PARISH FIRE DISTRICT NO. 1**

Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to Net Position of  
Governmental Activities on the Statement of Net Position  
Year Ended December 31, 2019

---

Fund Balances - Total Governmental Funds	\$ 3,187,186
--	--------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Add: Capital Assets	10,532,053
Deduct: Accumulated Depreciation	(4,747,772)

Certain liabilities, such as debt and pension liability are not due and payable in the current period and therefore are not reported in the funds.

Deduct: Long term debt	(1,636,334)
Pension liability	(3,629,090)
Compensated absences payable	(60,820)

Other long term assets are not available to pay for current period expenditures and are deferred in the funds.	71,768
--	--------

Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds.	1,206,307
--	-----------

Deferred inflows of resources related to net pension liability are not payable from current expendable resources, and, therefore, are not reported in the funds.	<u>(452,031)</u>
--	------------------

Net Position of Governmental Activities	<u>\$ 4,471,267</u>
---	---------------------

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

## CADDO PARISH FIRE DISTRICT NO. 1

Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
For the Year Ended December 31, 2019

	<u>General Fund</u>
<b>Revenues:</b>	
Ad valorem taxes	\$ 1,435,756
Service fees	572,453
Ambulance fees	554,666
Sales tax revenue	1,967,565
Intergovernmental revenues:	
Grant funds	-
State fire insurance rebate	49,242
State revenue sharing	36,261
State supplemental pay	162,000
Miscellaneous	14,743
Interest earned	5,652
	<hr/>
Total Revenues	4,798,338
	<hr/>
<b>Expenditures:</b>	
Current:	
Fire protection	5,513,169
Debt service:	
Principal	287,518
Interest	38,895
	<hr/>
Total Expenditures	5,839,582
	<hr/>
Net change in fund balance before other Financing Sources	(1,041,244)
<b>Other Financing Sources:</b>	
Proceeds from borrowing	838,978
	<hr/>
Net change in fund balance	(202,266)
Fund Balances, Beginning of Year	3,389,452
	<hr/>
Fund Balances, End of Year	\$ 3,187,186
	<hr/> <hr/>

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

**CADDO PARISH FIRE DISTRICT NO. 1**

Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2019

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (202,266)</b>
Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,537,346) exceeds depreciation (\$526,932)	
	1,010,414
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Net effect of prior and current year deferred revenue	29,450
Certain liabilities, such as long term liabilities are not due and payable in the current period and therefore are not reported in the funds	
Change in compensated absences	17,980
Proceeds from debt proceeds are recorded as revenue in the funds, but are recorded in the statement of net position as a reduction in liabilities	
	(838,978)
Certain liabilities, such as long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	
Repayment of long-term debt	287,518
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	(487,230)
Nonemployer pension contribution revenue	155,364
Change in Net Position of Governmental Activities	<u>\$ (27,748)</u>

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

# CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

## INTRODUCTION

Caddo Parish Fire District No. 1 ("the District") was created by the Caddo Parish Commission by ordinance as provided under the Louisiana Revised Statutes 40:1492-501. The District is a component unit of the Caddo Parish Commission and is governed by a board of commissioners, who are appointed by the Caddo Parish Commission. The purpose of the District is to provide fire protection and emergency services to the residents of the District.

### 1. *Summary of Significant Accounting Policies:*

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June, 1999 the GASB issued Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges and Universities*. These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

### **Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity is financial accountability. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to , or to impose specific financial burdens on the primary government.

The District is a component unit of the Caddo Parish Commission, the financial reporting entity. The Commission is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on the District.

## CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

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

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

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all nonfiduciary activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or or directly benefit from goods, services, or privileges provided by a given function, segment or component unit. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District consists of one program - fire protection.

Governmental fund financial statements are provided for the District. The District consists of one governmental fund.

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement 34, the District has presented a Statement of Net Position and a Statement of Activities for the District as a whole. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to the government-wide statements are as follows:

*Eliminating Internal Activity* - Interfund receivables and payables are eliminated in the Statement of Net Position.

*Application of FASB Statements and Interpretations* - Reporting on governmental-type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

*Capitalizing Assets* - Tangible or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, and buildings are recorded at their historical costs and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position.



## CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

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

*Program Revenues* - The Statement of Activities presents two categories of program revenues - (1) charges for services; and (2) operating grants and contributions.

Charges for services are those revenues arising from exchange or exchange-like transactions with external external parties that purchase, use or directly benefit from the program goods, services or privileges. Service charges (structure fees) are reported as charges for services.

Operating grants and contributions, whether operating or capital in nature, are revenues arising from receipts receipts that are restricted for operating purposes of a program. Supplemental salaries paid to the the firefighters by the State of Louisiana, state revenue sharing, and fire insurance rebates are reported as operating grants and contributions.

*Restricted Net Position* - Restricted net position are those for which a constraint has been imposed either externally or by law. Resources restricted for a specific purpose are exhausted before unrestricted net assets are used.

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Fund Financial Statements - The governmental 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 measureable and available. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Principal revenue sources considered to be susceptible to accrual include property taxes, service fees, and interest on investments. Other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modification to the accrual basis of accounting include:

Interest on general long-term obligations is recognized when paid.

# CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

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

### **Fund Accounting**

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including collection and disbursement of specific or legally restricted monies, the acquisition, construction or improvement of capital assets, and the servicing of long-term debt. Governmental funds of the District include:

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

### **Budget and Budgetary Control**

A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31st of each year. The proposed budget is prepared on a cash basis of accounting that is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. The budget was amended in 2019.

Formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

### **Cash and Cash Equivalents**

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

## CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

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

#### **Use of Estimates**

The preparation of financial statements generally requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during a reporting period. Actual results could differ from those estimates.

#### **Capital Assets**

The District's assets are recorded at historical cost. Capital assets are recorded as expenditures in the governmental financial statements. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation expense is recorded in the government-wide financial statements using the straight-line method over the useful lives of the assets. All assets of the District are reported in the accompanying financial statements.

#### **Long-term obligations**

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

#### **Receivables**

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business.

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

#### **Net Position/Fund Balances**

In the Statement of Net Position, the differences between a government's assets and liabilities are recorded as net position. The three components of net position are as follows:

*Invested in Capital Assets, Net of Related Debt* - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

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

**Net Position/Fund Balances (continued)**

*Restricted Net Position* - This category records net position that is restricted by external sources such as banks or by law are reported separately as restricted net assets.

*Unrestricted Net Position* - This category represents net position not appropriate for expenditures or legally separated for a specific future use.

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

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

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

2. *Cash and Cash Equivalents:*

At December 31, 2019, the District has cash and cash equivalents as follows:

	Bank Balances	Book Balances
Interest-bearing demand deposits	\$ 1,219,160	\$ 1,199,716

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposits insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank that is mutually acceptable to both parties. At December 31, 2019, deposits of \$551,661 were collateralized by FDIC insurance. Deposits of \$667,499 were collateralized by securities held by the depository bank in the name of the District.

**CADDO PARISH FIRE DISTRICT NO. 1**

Notes to Financial Statements  
December 31, 2019

**3. Ad Valorem Taxes and Structure Fees:**

Ad valorem taxes are collected by the Caddo Parish Sheriff and remitted to the District on a monthly basis. For the year ended December 31, 2019, taxes of 17.34 mills were levied and dedicated to maintenance and operations. Total taxes levied were \$1,320,621. The District also collects a service charge (structure fee) for each residential or commercial structure. Total service charges levied at December 31, 2019 were \$588,825.

**4. Receivables:**

A summary of receivables at December 31, 2019, follows:

	Total
Ad valorem Taxes	\$ 1,305,547
Structure Fees	570,513
Ambulance Fees	96,477
Sales Tax Receivable	217,831
Other Receivables	42,583
Total	\$ 1,876,060

**5. Capital Assets:**

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Net Additions	Ending Balance
Government activities:			
Work in progress	\$ 193,699	\$ 786,442	\$ 980,141
Capital assets, being depreciated:			
Buildings & improvements	\$ 3,366,820	\$ -	\$ 3,366,820
Equipment & furniture	5,329,743	750,904	6,080,647
Retirements	-	-	-
Total	8,696,563	750,904	9,447,467
Less accumulated depreciation	(4,220,841)	(526,932)	(4,747,773)
Total	(4,220,841)	(526,932)	(4,747,773)
Land	104,446	-	104,446
Net capital assets	\$ 4,773,867	\$ 1,010,414	\$ 5,784,281

Total additions for the year ended December 31, 2019 were \$1,537,346.

Depreciation expense for the year ended December 31, 2019 was \$526,932.

## CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

### 6. *Firefighters' Retirement System of Louisiana (FRS):*

The District contributes to FRS which is a cost-sharing multiple employer defined benefit pension plan. FRS was established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana revised Statutes 11:2251 - 11:2272, which should be reviewed for more complete information.

Membership is mandatory for any full-time firefighters or any person in a position as defined in the municipal fire and police civil service system who is employed by a fire department of any municipality, parish, or fire prevention district of the State of Louisiana, except Orleans and East Baton Rouge who earns at least \$375/month excluding state supplemental pay. Employees of the system are eligible, their option, to become members of the System. Persons must be under the age of fifty to be eligible for membership unless they become members through merger.

FRS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.lafirefightersret.com](http://www.lafirefightersret.com) or at [www.lla.la.us](http://www.lla.la.us).

#### *Benefits Provided*

The following is a description of the plan and its benefits and is provided for general information only. Participants should refer to the appropriate statutes for more complete information.

#### **Retirement**

Any member can retire providing he/she meets one of the following criteria:

- At any age                      after 25 years of creditable service provided they have been a member of FRS for at least one year
- At age 55                        after 12 years of creditable service
- At age 50                        after 20 years of creditable service

Benefit rates for membership, are three and one-third percent of average final compensation per number years of creditable service not to exceed 100% of average final compensation.

## CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements

December 31, 2019

### 6. *Firefighters' Retirement System of Louisiana (FRS)(continued):*

#### **Optional Allowances**

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

**Option 1** - If the member dies before he has received any annuity payments, the present value of his member's annuity as it was at the time of retirement, the balance is paid to the beneficiary.

**Option 2** - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

**Option 3** - Upon retirement the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

**Option 4** - Upon retirement, the member elects to receive a board approved benefit payable to the member, the member's spouse, or the member's dependent child, which is actuarially equivalent to the maximum benefit.

#### **Initial Benefit Option Plan**

This option is available only to regular retirees who have not participated in the Deferred Retirement Option Plan. Under this option, members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equal the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to thirty-six payments of the member's maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an "initial benefit account" with interest credited thereto and monthly payments made from the account.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2 1/2% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the latter of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable.

#### **Deferred Retirement Option Plan (DROP)**

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who has at least twenty-five years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in DROP for up to thirty-six months and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates and neither the employee nor employer contributions are payable. Compensation and creditable service will remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement



## CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

### 6. *Firefighters' Retirement System of Louisiana (FRS)(continued):*

allowance, are paid into DROP account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account, or he may elect any other method of payment if approved by the Board of Trustees. The monthly benefits that that were being paid into the fund during the period of participation will begin to be paid to the retiree. If employment is not terminated at the end of thirty-six months, payment into the account cease; and the member resumes active contributing membership in the system. If the participant dies during the period of participation in the program, a lump-sum payment equal to his/her balance is paid to his/her named beneficiary or, if none, to his/her estate; in addition, normal survivor benefits are payable to survivors of retirees.

#### **Disability Benefits**

Any member who has been officially certified as totally disabled solely as a result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60% of final compensation for an injury received in the line of duty; or 75% of accrued retirement benefit with a minimum of 25% of average salary for an injury received, even though not in the line of duty. Any member age fifty or older who becomes totally disabled as a result of an injury sustained in the line of duty is entitled to disability benefit equal to the greater of 60% of final compensation or his accrued retirement benefit. Any member member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25% of average salary. The surviving spouse of a member who was on disability retirement at the time of death receives a benefit of \$200/month. When the member takes disability retirement, he/she may in addition take an actuarially reduced benefit in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of a disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

#### **Survivor's Benefits**

Benefits are payable to survivors of a deceased member who dies and is not eligible for retirement as follows: If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his/her total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200/month or 10% of average final compensation

## CADDO PARISH FIRE DISTRICT NO. 1

Notes to Financial Statements  
December 31, 2019

### 6. *Firefighters' Retirement System of Louisiana (FRS)(continued):*

(not to exceed 100% of average final compensation) until reaching the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no spouse, spouse, but at least one minor child, each child is entitled to receive 40% of the deceased's average final compensation, not to exceed an aggregate of 60% of average final compensation.

#### **Cost-of-Living Increases**

Under the provisions of R.S. 11:246 and 11:2260A(7), the Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost-of-living adjustment (COLA) increase of up to 3% of their current benefit, and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earning (R.S. 11:243). In lieu of these cost-of-living adjustments, pursuant to R.S. 11:241, the board may also grant an increase in the form of "Xx(A=B)" where "X" is any amount up to \$1/month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30, of the initial year of such increase.

#### **Contributions**

Employer contributions are actuarially determined each year. For the measurement date of June 30, 2019, employer and employee contributions for members above the poverty line were 26.5% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.5% and 8.0%, respectively.

The system also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue, but are not considered special funding situations.

The District's contractually required composite contribution rate for the year ended December 31, 2019, was 27.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the District were \$380,920 for the year ended December 31, 2019.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2019, the District reported a liability of \$3,629,090 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net Pension Liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was .579550%

**CADDO PARISH FIRE DISTRICT NO. 1**

Notes to Financial Statements

December 31, 2019

**6. Firefighters' Retirement System of Louisiana (FRS)(continued):**

which was an increase of .002607% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2019, the District recognized pension expense of \$788,474 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$26,865.

As of December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 261,782
Changes in assumption	330,159	264
Net difference between projected and actual earnings on pension plan investments	244,046	-
Changes in employer's portion of beginning net pension liability	435,232	-
Differences between employer contributions and proportionate share of employer contributions	196,870	189,985
Subsequent Measurement Contributions	-	-
Total	\$ 1,206,307	\$ 452,031

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the pension expense as follows:

Year ended June 30:	
2020	\$ 188,159
2021	37,876
2022	158,651
2023	167,031
2024	72,407
2025	14,386
Total	\$ 638,510

**CADDO PARISH FIRE DISTRICT NO. 1**

Notes to Financial Statements  
December 31, 2019

**6. Firefighters' Retirement System of Louisiana (FRS)(continued):**

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.15% net of investment expense
Mortality	The mortality rate assumption used was based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Salary Increases, including inflation (2.7%) and merit

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	14.75%
3-24	4.50%
25 & Over	4.50%

The discount rate used to measure the total pension liability was 7.15. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement System's Actuarial Committee, taking into consideration the recommendation of the actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CADDO PARISH FIRE DISTRICT NO. 1**

Notes to Financial Statements  
December 31, 2019

**6. Firefighters' Retirement System of Louisiana (FRS)(continued):**

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected nominal rate of return was 7.15% as of June 30, 2019. Best estimates of real rates of return for each major asset class included FRS' target asset allocation as of June 30, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Long-term Target Asset Allocation</b>	<b>Expected Portfolio Real Rate of Return</b>
Fixed Income	31%	2.17%
Equity	49%	6.69%
Alternatives	10%	7.33%
Others	10%	4.52%
Total	<u>100%</u>	<u>5.24%</u>
Inflation		1.91%
Expected Arithmetic Normal Return		7.15%

**Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 7.15%, as well as what the District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

	1.0% Decrease (6.15)	Current Discount Rate (7.15%)	1.0% Increase (8.15%)
Employer's proportionate share of net pension liability	\$ 5,255,168	\$ 3,629,090	\$ 2,264,284

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighter's Retirement System Annual Report at [www.lafirefightersret.com](http://www.lafirefightersret.com) or at [www.lla.state.la.us](http://www.lla.state.la.us).

**CADDO PARISH FIRE DISTRICT NO. 1**

Notes to Financial Statements  
December 31, 2019

**6. Firefighters' Retirement System of Louisiana (FRS)(continued):**

**Payables to Pension Plan**

These financial statements include a payable to the pension plan of \$37,786 which is the legally contribution due at December 31, 2019. The amount is recorded in accrued expenses.

**7. Per Diem Paid to Commissioners:**

Per diem paid to commissioners for the year ended December 31, 2019 totaled \$4,000.

**8. Long-Term Obligations:**

Long-Term Obligations:

Changes in long-term debt are as follows:

	Balance 1/1/2019	Proceeds	(Principal) (Payments)	Balance 12/31/2019
Sales Tax Bonds, Series 2016	\$ 242,000	\$ -	\$ (242,000)	\$ -
Certificates of Indebtedness - 2011	686,703	-	(40,174)	646,529
Red River Bank	150,826	838,978		989,804
Notes Payable -US Bank Financing	5,344	-	\$ (5,344)	-
<b>Totals</b>	<u>\$ 1,084,873</u>	<u>\$ 838,978</u>	<u>\$ (287,518)</u>	<u>\$ 1,636,333</u>

The certificates of indebtedness - 2011 are due in monthly installments of \$4,880 through January 5, 2023; final installment of \$516,297 due on February 5, 2023; collateralized by building; interest ranging from 4.15% to 5.00%, dated December 7, 2011.

The Sales Tax Bonds Series 2016 are due in yearly installments ranging from \$79,000 in 2017 to \$81,000 with the final installment due on March 1, 2021, The interest rate varies from .0100% to 2.00%, The Bonds are collateralized by the net revenue of the District.

**Other Obligations:**

On October 15, 2018, the District entered into an agreement with a bank in an amount not exceeding \$1,000,000 at an interest rate not to exceed 4.00 per annum, with such obligation to mature no later than ten years from the date of issuance to finance the acquisition and/or construction of a new fire station to be located within and operated by the District. Funds are advanced as construction proceeds. Amounts advanced under this agreement totaled \$989,804 at December 31, 2019. Repayments of \$6,268 per month began in February, 2020. The note is due on October 15, 2028. The loan is collateralized by the Lakeview fire station.



**CADDO PARISH FIRE DISTRICT NO. 1**

Notes to Financial Statements  
December 31, 2019

**8. Long-Term Obligations: (Continued)**

The annual requirements for debt service, including interest of \$340,167 are as follows:

Year Ending	Principal	Interest	Total
2020	77,418	56,360	133,778
2021	80,040	53,738	133,778
2022	82,754	51,024	133,778
2023	559,855	36,880	596,735
2024	42,372	32,852	75,224
2025 and after	793,894	109,313	903,207
Total	<u>\$ 1,636,333</u>	<u>\$340,167</u>	<u>\$ 1,976,500</u>

**9. Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation. There were no significant reductions in insurance coverage from the prior year.

**10. Supplemental Pay**

Supplemental salary payments are made by the State directly to certain firemen employed by the District. GASB Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditure by an employer government entity. In accordance with this Statement, \$162,000 has been recognized as both intergovernmental revenue (state supplemental pay) and salaries in the General Fund.

**11. Reconciliation of Differences between the Budgetary-Based Fund Financial Statements and the GAAP-Based Fund Financial Statements:**

As discussed in Note 1, the budget is prepared on a cash basis of accounting. However, the modified accrual basis of accounting is used for fund financial reporting purposes in accordance GAAP. Exhibit 1 on page 30 is a reconciliation of revenues and expenditures recognized in accordance to the budgetary basis (cash basis) for the year ended December 31, 2019.

**12. Subsequent Events:**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts may include disruptions or restrictions on employees' ability to work and perform requirements of grants. The future effects of this issue are unknown.



**CADDO PARISH FIRE DISTRICT NO. 1**  
 Budgetary/GAAP Reporting Reconciliation  
 December 31, 2019

	Actual on GAAP Basis	General Fund Adjustment to Budgetary Basis	Actual on Budgetary Basis
<b>Revenues:</b>			
Ad valorem taxes	\$1,435,756	\$ (84,916)	\$ 1,350,840
Fire protection service fees	572,453	1,117	573,570
Ambulance fees	554,666	24,934	579,600
Sales tax revenue	1,967,565	13,342	1,980,907
Intergovernmental		-	
State fire insurance rebate	49,242	-	49,242
Insurance Revenue	-	252,211	252,211
State revenue sharing	36,261	17,164	53,425
State supplemental pay	162,000	(162,000)	-
Interest earned	14,743	(10,091)	4,652
Miscellaneous	5,652	9,047	14,699
Total revenues	<u>4,798,338</u>	<u>60,808</u>	<u>4,859,146</u>
<b>Expenditures:</b>			
Fire protection	5,513,169	(283,246)	5,229,923
Debt service	326,413	-	326,413
Total expenditures	<u>5,839,582</u>	<u>(283,246)</u>	<u>5,556,336</u>
Changes in Fund Balance before Other Financing Resources	(1,041,244)	344,054	(697,190)
Other Financing Sources:			
Proceeds from Certificates of Indebtedness	838,978	-	838,978
Excess of Revenues over Expenditures	(202,266)	344,054	141,788
Fund Balance, Beginning of Year	<u>3,389,452</u>		
Fund Balance, End of Year	<u><u>\$3,187,186</u></u>		

**CADDO PARISH FIRE DISTRICT NO. 1**  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
(Cash Basis)  
General Fund  
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Budgetary Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 1,311,615	\$ 1,351,250	\$ 1,350,840	\$ (410)
Fire protection service fees	571,304	573,420	573,570	150
Insurance revenue	398,000	581,530	579,600	(1,930)
Sales tax revenue	1,710,000	1,983,000	1,980,907	(2,093)
Intergovernmental				-
State fire insurance rebate	57,000	49,240	49,242	2
State revenue sharing	53,000	53,425	53,425	-
State supplemental pay	-	-	-	-
Insurance claims	-	233,575	252,211	18,636
Interest earned	1,500	4,675	4,652	(23)
Miscellaneous	12,045	15,135	14,699	(436)
Total revenues	<u>4,114,464</u>	<u>4,845,250</u>	<u>4,859,146</u>	<u>13,896</u>
<b>Expenditures:</b>				
General government	4,961,124	5,484,682	5,229,923	254,759
Debt service	326,413	326,413	326,413	-
Total expenditures	<u>5,287,537</u>	<u>5,811,095</u>	<u>5,556,336</u>	<u>254,759</u>
<b>Excess Revenues</b>				
<b>Over Expenditures before</b>				
<b>Other Financing Sources</b>	(1,173,073)	(965,845)	(697,190)	268,655
<b>Other Financing Sources:</b>				
Proceeds from debt	750,000	749,845	838,978	89,133
<b>Excess Revenues over</b>				
<b>Expenditures</b>	(423,073)	(216,000)	141,788	357,788
<b>Fund Balances, Beginning of Year</b>	<u>3,389,452</u>	<u>3,389,452</u>	<u>3,389,452</u>	<u>-</u>
<b>Fund Balances, End of Year</b>	<u>\$2,966,379</u>	<u>\$3,173,452</u>	<u>\$ 3,531,240</u>	<u>\$ 357,788</u>

**CADDO PARISH FIRE DISTRICT NO. 1**  
 Schedule of Employer's Share of Net Pension Liability  
 Year Ended December 31, 2019

Year Ended Jun 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.452212%	\$ 2,440,639	\$ 698,098	349.61%	99.55%
2016	0.463580%	3,032,233	1,122,368	270.16%	68.16%
2017	0.502445%	2,879,939	1,263,317	227.97%	73.55%
2018	0.576943%	3,318,621	1,428,154	232.37%	74.76%
2019	0.579950%	3,629,090	1,403,970	258.49%	73.96%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**CADDO PARISH FIRE DISTRICT NO. 1**

Schedule of Employer Contributions  
Year Ended December 31, 2019

<u>Year Ended December 31</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 219,877	\$ 219,877	\$ 698,098	28.4700%
2016	294,597	294,597	1,122,368	26.2500%
2017	380,920	380,920	1,403,970	25.9000%
2018	378,461	378,461	1,428,154	26.5000%
2019	380,920	380,920	1,403,970	27.1300%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**CADDO PARISH FIRE DISTRICT NO. 1**

Note to Retirement System Schedules  
Year Ended December 31, 2019

Firefighter's Retirement System

Changes of benefit terms - There were no changes of benefit terms for the year ended December 31, 2019.

Changes of assumptions - There were no changes of benefit assumptions for the year ended December 31, 2019.

**CADDO PARISH FIRE DISTRICT NO. 1**

Schedule of Compensation, Reimbursements, Benefits, and Other Payments  
to Agency Head  
For the Year Ended December 31, 2019

---

---

Agency Head: Dan J. Cotton, Fire Chief

Salary	\$ 101,620
Payroll Taxes	\$ 1,473
Retirement	\$ 37,091
Insurance	\$ 7,056
Dues/Memberships	\$ 370

**CADDO PARISH FIRE DISTRICT NO. 1**

Schedule of Compensation Paid  
to Commissioners  
For the Year Ended December 31, 2019

---

Ed Angel	\$ 650
L. D Davidson	600
Joseph Di Stefano	600
Carlos Gipson	550
Don Jones	650
William King	500
Carla Messer	<u>450</u>
Total	<u>\$ 4,000</u>



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners  
Caddo Parish Fire District No. 1  
Blanchard, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Caddo Parish Fire District No. 1 as of and for the year ended December 31, 2019 and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated May 27, 2020.

### Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Caddo Parish Fire District No. 1's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Parish Fire District No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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



Certified Public Accountant

May 27, 2020

**CADDO PARISH FIRE DISTRICT NO. 1**

Corrective Action Taken on Prior Year Findings

Year Ended December 31, 2019

There were no findings for the year ended December 31, 2018.

**CADDO PARISH FIRE DISTRICT NO. 1**

Schedule of Findings

Year Ended December 31, 2019

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies in internal accounting control were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the District were disclosed.

There were no findings for the year ended December 31, 2019.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Commissioners  
Caddo Parish Fire District No. 1  
Blanchard, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of the Caddo Parish Fire District No. 1 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed Upon Procedures (SAUPs) for the fiscal year January 1 through December 31, 2019. The District's management is responsible for those control and compliance 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 the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Council. Consequently, I 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.

My procedures and associated findings are enumerated below.

### ***Written Policies and Procedures***

*(The following written policies and procedures were not reviewed since there were no exceptions for the prior year, with the exception of the new policy added for Year 3, Disaster Recovery/Business Recovery/Business Continuity).*

1. I obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt insurance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Procedure Results - I noted no exceptions.

***Board or Finance Committee***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
- c) For governmental entities, obtain the prior year audit and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 individual accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliation include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/ board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

---

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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



9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the entity has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

- 11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved in writing (or electronically approved) by someone other than the authorized card holder.
  - b) Observe 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, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the participating in meals (for meal charges only).

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

***(The following procedures were not performed since there were no exceptions in the prior year.)***

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

#### ***Contracts***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly, select 5 contracts (or all contracts if less than 5) from the listing and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g. change orders, observe that the original contract terms provided for such an amendment.

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

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

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employee's/official, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly, select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employees/officials' authorized pay rates in the employees/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

***(The following procedures were not performed since there were no exceptions in the prior year.)***

---

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

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

***Debt Service***

*(The following procedures were not performed since there were no exceptions in the prior year.)*

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***Other***

*(The following procedures were not performed since there were no exceptions in the prior year.)*

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the District and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.



Certified Public Accountant

May 27, 2020