

**WARD FOUR FIRE PROTECTION DISTRICT
OF EVANGELINE PARISH
Pine Prairie, Louisiana**

Financial Report

Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ward Four Fire Protection District
Pine Prairie, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ward Four Fire Protection District (District) as of and for the year ended December 31, 2020, 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, pages 22-23, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
May 25, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Statement of Net Position
December 31, 2020

| | <u>Governmental Activities</u> |
|--------------------------------------|------------------------------------|
| ASSETS | |
| Cash and interest-bearing deposits | \$ 1,228,367 |
| Receivables, net | 461,315 |
| Capital assets, net | <u>876,990</u> |
| Total assets | <u>2,566,672</u> |
| LIABILITIES | |
| Interest payable | 989 |
| Long-term liabilities: | |
| Due within one year - | |
| Certificates of Indebtedness payable | 55,000 |
| Due after one year - | |
| Certificates of Indebtedness payable | <u>60,000</u> |
| Total liabilities | <u>115,989</u> |
| NET POSITION | |
| Net investment in capital assets | 761,990 |
| Unrestricted | <u>1,688,693</u> |
| Total net position | <u>\$2,450,683</u> |

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

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Statement of Activities
For the Year Ended December 31, 2020

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Expenses: | |
| Public safety | \$ 326,143 |
| Interest on long-term debt | <u>3,685</u> |
| Total governmental activities expenses | <u>329,828</u> |
| General revenues: | |
| Ad valorem taxes, levied for general purposes | 454,959 |
| State revenue sharing | 14,623 |
| Fire insurance rebate | 11,543 |
| Interest and investment earnings | 9,214 |
| Miscellaneous | <u>1,800</u> |
| Total general revenues | <u>492,139</u> |
| Change in net position | 162,311 |
| Net position, beginning | <u>2,288,372</u> |
| Net position, ending | <u>\$2,450,683</u> |

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

FUND FINANCIAL STATEMENTS (FFS)

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Balance Sheet
Governmental Fund - General Fund
December 31, 2020

ASSETS

| | |
|------------------------------------|--------------------|
| Cash and interest-bearing deposits | \$1,228,367 |
| Receivables, net | <u>461,315</u> |
| Total assets | <u>\$1,689,682</u> |

DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE

| | |
|--|--------------------|
| Deferred inflows of resources: | |
| Unavailable revenue - ad valorem taxes and state revenue sharing | \$ 175,635 |
| Fund balance - unassigned | <u>1,514,047</u> |
| Total deferred inflows of resources and fund balance | <u>\$1,689,682</u> |

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

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2020

| | | |
|--|------------------|--------------------|
| Total fund balance for the governmental fund at December 31, 2020 | | \$ 1,514,047 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of: | | |
| Construction in progress | \$ 98,000 | |
| Buildings and improvements, net of \$202,803 accumulated depreciation | 151,275 | |
| Equipment, net of \$701,731 accumulated depreciation | <u>627,715</u> | 876,990 |
| Some revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level. | | |
| Unavailable revenue - ad valorem taxes and state revenue sharing | | 175,635 |
| Some liabilities are not due and payable from current restricted resources and, therefore, are not reported in the funds. | | |
| Interest payable | (989) | |
| Certificates of indebtedness payable | <u>(115,000)</u> | <u>(115,989)</u> |
| Net position at December 31, 2020 | | <u>\$2,450,683</u> |

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

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended December 31, 2020

| | |
|----------------------------|---------------------|
| Revenues: | |
| Ad valorem tax | \$ 381,910 |
| State revenue sharing | 14,048 |
| Fire insurance rebate | 11,543 |
| Miscellaneous income | 1,800 |
| Interest income | 9,214 |
| Total revenues | <u>418,515</u> |
| Expenditures: | |
| Current - | |
| Public safety: | |
| Advertising | 1,705 |
| Dues | 205 |
| Fire insurance rebate | 11,541 |
| Fuel | 2,325 |
| Insurance | 28,497 |
| Miscellaneous | 2,837 |
| Office | 8,720 |
| Outside services | 27,702 |
| Assessor deductions | 15,337 |
| Professional fees | 16,600 |
| Repairs and maintenance | 62,892 |
| Supplies | 20,801 |
| Training | 4,900 |
| Travel | 1,052 |
| Utilities | 14,181 |
| Volunteer firemen | 12,880 |
| Capital outlay | 98,000 |
| Debt service - | |
| Principal retirement | 50,000 |
| Interest | 4,043 |
| Total expenditures | <u>384,218</u> |
| Net change in fund balance | 34,297 |
| Fund balance, beginning | <u>1,479,750</u> |
| Fund balance, ending | <u>\$ 1,514,047</u> |

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

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2020

| | | |
|---|-----------------|-------------------|
| Total net change in fund balance for the year ended December 31, 2020 per the statement of revenues, expenditures and changes in fund balance | | \$ 34,297 |
| The change in net position reported for governmental activities in the statement of activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlay which is considered expenditures on the statement of revenues, expenditures and changes in fund balance | \$ 98,000 | |
| Depreciation expense | <u>(93,968)</u> | 4,032 |
| Some revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources at the fund level. | | |
| Change in unavailable revenue - ad valorem taxes and state revenue sharing | | 73,624 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | |
| Repayment of bond principal | | 50,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Interest payable | | <u>358</u> |
| Change in net position for the year ended December 31, 2020 per the statement of activities | | <u>\$ 162,311</u> |

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

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Ward Four Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Ward Four Fire Protection District was created by and in accordance with provisions of Part I, Chapter 7, Title 40, of the Louisiana Revised Statutes of 1950 for the purpose of fire protection in its designated Evangeline Parish area. This report includes all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. There are no component units required to be reported in conformity with generally accepted accounting principles. The Board of Commissioners are solely responsible for the operations which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Board members receive no compensation.

The District serves approximately 120 households and has no employees. All firemen are volunteers.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the District as an economic unit. The government-wide financial statements report the District's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities of the District.

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

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

Fund Financial Statements (FFS)

The accounts of the District are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, expenditures, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the District. The various funds of the District are classified as governmental funds. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

The General Fund is always a major governmental fund. Other individual major governmental funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources, or liabilities and deferred inflows of resources are at least ten percent of the corresponding totals for all funds of that category or type and at least five percent of the corresponding total for all governmental funds combined or funds designated as major at the discretion of the District. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements.

Governmental Fund – General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the District and is used to account for the operations of the District's office. The various fees and charges due to the District's office are accounted for in this fund. General operating expenditures are paid from this fund.

C. Measurement Focus and Basis of Accounting

Measurement Focus

The measurement focus determines the accounting and financial reporting treatment applied to a fund.

The governmental activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income.

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

Basis of Accounting

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

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt which is recognized when due and payable.

Program Revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the District.

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and state revenue sharing. Uncollectible ad valorem taxes are recognized as bad debts through the establishment of an allowance account. An allowance in the amount of \$20,659 was established at December 31, 2020.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

| | |
|----------------------------|-------------|
| Equipment | 5-15 years |
| Buildings and improvements | 10-40 years |

In the fund financial statements, the acquisition of capital assets used in governmental fund operations is accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or whether they are reported in the government-wide or fund financial statements. Since the District doesn't have a proprietary fund, all long-term debt is used in governmental fund operations.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The District's long-term debt consists of certificates of indebtedness.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. Ad valorem taxes and state revenue sharing for the governmental fund which have not been received within 60 days subsequent to year end are considered deferred inflows of resources on the fund financial statements.

Equity Classifications

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

- a. Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

- c. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the District Board may assign amounts for specified purposes.
- d. Unassigned – all other spendable amounts.

It is the District’s policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the District uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

E. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020, the District has cash and interest-bearing deposits (book balances) totaling \$1,228,367 as follows:

| | |
|------------------|--------------------|
| Demand deposits | \$ 258,729 |
| Time and savings | 969,638 |
| Total | <u>\$1,228,367</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District’s deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2020, bank balances were secured as follows:

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

| | |
|---|--------------|
| Bank balances | \$ 1,231,242 |
| Federal deposit insurance | 750,000 |
| Pledged securities and letter of credit | 481,242 |
| Total | \$ 1,231,242 |

Deposits in the amount of \$481,242 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions' trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk.

(3) Capital Assets

Capital asset activity for the year ended December 31, 2020 follows:

| | Balance 1/1/2020 | Additions | Deletions | Balance 12/31/2020 |
|---------------------------------------|---------------------|-----------|-----------|-----------------------|
| Construction in progress - fire truck | \$ - | \$ 98,000 | \$ - | \$ 98,000 |
| Buildings and improvements | 354,078 | - | - | 354,078 |
| Equipment | 1,329,446 | - | - | 1,329,446 |
| Total | 1,683,524 | 98,000 | - | 1,781,524 |
| Less accumulated depreciation | 810,566 | 93,968 | - | 904,534 |
| Net capital assets | \$ 872,958 | \$ 4,032 | \$ - | \$ 876,990 |

Depreciation expense of \$93,968 93968.00 was charged to the public safety function.

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. Taxes are levied in October and billed to the taxpayers in December. Billed taxes are due by December 31st and become delinquent on January 1st of the following year. The taxes are based on assessed values determined by the Evangeline Parish Assessor. The taxes are collected and remitted to the District by the Evangeline Parish Sheriff.

For the year ended December 31, 2020, taxes of 11.01 mills were levied on property with assessed valuations totaling \$43,845,850. Total taxes levied in 2020 were \$482,744. Ad valorem taxes receivable at December 31, 2020 was \$446,692, net of an allowance for uncollectible taxes of \$20,659.

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Tax Abatements

The District is subject to property tax abatements for a lease agreement between the Industrial Development Board and Pine Prairie Energy Center, LLC, which allowed for the exemption of ad valorem taxes. This agreement, which was approved by the Evangeline Parish Police Jury, is for the inducement of economic development in Evangeline Parish. The tax exemption will continue for the term of the lease. For the year ended December 31, 2020 the District abated ad valorem tax in the amount of \$306,037.

(6) Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended December 31, 2020.

| | Balance 1/1/2020 | Additions | Reductions | Balance 12/31/2020 | Due Within One Year |
|------------------------------|---------------------|-----------|------------|-----------------------|------------------------|
| Certificates of indebtedness | \$ 165,000 | \$ - | \$ 50,000 | \$ 115,000 | \$ 55,000 |

Certificates of indebtedness payable at December 31, 2020, consist of the following:

\$382,500 Certificates of Indebtedness, Series 2013B, dated May 10, 2013, for the purpose of acquiring, constructing and improving fire protection facilities and equipment, including fire trucks, due in annual installments of \$50,000 to \$60,000 through September 1, 2022, at an interest rate of 2.45% to 2.70%, secured by excess annual revenues of the general fund. \$ 115,000

The certificates of indebtedness are due as follows:

| Year ending December 31, | Principal | Interest | Total |
|-----------------------------|------------|----------|------------|
| 2022 | \$ 55,000 | \$ 2,967 | \$ 57,967 |
| 2023 | 60,000 | 1,620 | 61,620 |
| | \$ 115,000 | \$ 4,587 | \$ 119,587 |

(7) Board Members' Compensation

No per diem or other compensation is paid to board members of the District.

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Basic Financial Statements (Continued)

(8) Compensation, Benefits, and Other Payments to District Chief

A detail of compensation, benefits, and other payments paid to Bryan Wyles, District Chief, for the year ended December 31, 2020 follows:

| <u>Purpose</u> | <u>Amount</u> |
|----------------------|----------------|
| Contract labor | \$7,200 |
| Cell phone allowance | <u>960</u> |
| | <u>\$8,160</u> |

(9) Risk Management

The District is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(10) Litigation

At December 31, 2020, there is no litigation pending against the District.

(11) Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the District's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

**REQUIRED
SUPPLEMENTARY INFORMATION**

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

| | Budget | | Actual | Variance with Final Budget |
|----------------------------|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | Positive (Negative) |
| Revenues: | | | | |
| Ad valorem tax | \$ 475,000 | \$ 347,090 | \$ 381,910 | \$ 34,820 |
| State revenue sharing | - | 14,000 | 14,048 | 48 |
| Fire insurance rebate | 11,000 | 11,543 | 11,543 | - |
| Miscellaneous income | 10,000 | 17,864 | 1,800 | (16,064) |
| Interest income | 4,500 | 618 | 9,214 | 8,596 |
| Total revenues | <u>500,500</u> | <u>391,115</u> | <u>418,515</u> | <u>27,400</u> |
| Expenditures: | | | | |
| Current - | | | | |
| Public safety: | | | | |
| Advertising | 1,200 | 1,705 | 1,705 | - |
| Dues | 3,500 | 500 | 205 | 295 |
| Fire insurance rebate | 11,000 | 11,541 | 11,541 | - |
| Fuel | 2,500 | 3,008 | 2,325 | 683 |
| Insurance | 30,000 | 30,581 | 28,497 | 2,084 |
| Miscellaneous | 5,000 | 23,389 | 2,837 | 20,552 |
| Office expense | 10,000 | 10,215 | 8,720 | 1,495 |
| Outside services | 50,000 | 51,384 | 27,702 | 23,682 |
| Assessor deductions | - | - | 15,337 | (15,337) |
| Professional fees | 11,000 | 2,400 | 16,600 | (14,200) |
| Repairs and maintenance | 50,000 | 45,587 | 62,892 | (17,305) |
| Supplies | 65,000 | 22,831 | 20,801 | 2,030 |
| Training | 3,500 | 3,231 | 4,900 | (1,669) |
| Travel | - | - | 1,052 | (1,052) |
| Utilities | 25,000 | 13,740 | 14,181 | (441) |
| Volunteer firemen | - | - | 12,880 | (12,880) |
| Capital outlay | - | 98,000 | 98,000 | - |
| Debt service - | | | | |
| Principal retirement | 50,000 | 50,000 | 50,000 | - |
| Interest | 4,043 | 4,043 | 4,043 | - |
| Total expenditures | <u>321,743</u> | <u>372,155</u> | <u>384,218</u> | <u>(12,063)</u> |
| Net change in fund balance | 178,757 | 18,960 | 34,297 | 15,337 |
| Fund balance, beginning | <u>1,485,390</u> | <u>1,479,750</u> | <u>1,479,750</u> | <u>-</u> |
| Fund balance, ending | <u>\$1,664,147</u> | <u>\$1,498,710</u> | <u>\$1,514,047</u> | <u>\$ 15,337</u> |

The accompanying notes are an integral part of this schedule.

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Notes to Required Supplementary Information
For the Year Ended December 31, 2020

(1) Budgets and Budgetary Accounting

The Ward Four Fire Protection District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Secretary-Treasurer prepares a proposed budget and submits it to the District Board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Ward Four Fire Protection District.

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations in the amount of \$12,063 for the year ended December 31, 2020.

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Gerald A. Thibodeaux, Jr., CPA*
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Ward Four Fire Protection District
Pine Prairie, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Ward Four Fire Protection District (District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 25, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Ward Four Fire Protection District's Response to Findings

The Ward Four Fire Protection District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
May 25, 2021

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
For the Year Ended December 31, 2020

Part I. Current Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2020-001 Segregation of Duties

Fiscal Year Finding Initially Occurred: Unknown

CONDITION: The District does not have an adequate segregation of accounting duties.

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows: "Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT RESPONSE: Due to the size of the operation and cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of accounting duties.

B. Compliance

There were no compliance findings for the year ended December 31, 2020.

Part II. Prior Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2019-001 Segregation of Duties

CONDITION: The District does not have an adequate segregation of accounting duties.

(continued)

WARD FOUR FIRE PROTECTION DISTRICT
Pine Prairie, Louisiana

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
For the Year Ended December 31, 2020 (Continued)

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: See finding 2020-001.

2019-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CURRENT STATUS: Resolved.