

DESOTO PARISH FIRE PROTECTION DISTRICT
NO. 3
Stonewall, Louisiana

ANNUAL FINANCIAL STATEMENTS
December 31, 2019

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

ANNUAL FINANCIAL STATEMENTS

December 31, 2019

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Independent Auditor's Report

Chief David Jenkins,
and Board of Commissioners
DeSoto Parish Fire Protection District No. 3
Stonewall, Louisiana 71078

I have audited the accompanying financial statements of the governmental activities of the DeSoto Parish Fire Protection District No. 3 (the "Fire District"), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the Table of Contents.

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 opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-10 and the required supplementary information (Part II) as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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. I 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 required supplemental information (Part II) is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Parish Fire Protection District No. 3's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 6, 2020 on my consideration of the DeSoto Parish Fire Protection District No. 3's internal control over financial 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 the Fire District's internal control over financial reporting and compliance.



Certified Public Accountant

Shreveport, Louisiana
August 6, 2020

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana
December 31, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the DeSoto Parish Fire Protection District No. 3 (Fire District), we offer the readers of our annual financial report our discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2019. Please read it in conjunction with the Fire District's financial statements, which follow this section.

The Fire District was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Fire Protection District No. 3.

FINANCIAL HIGHLIGHTS

DeSoto Parish Fire Protection District No. 3 experienced an increase in its total net position of \$58,598 or 5.02% during the year. At December 31, 2019, the assets of the Fire District exceeded its liabilities by \$1,224,996.

Unrestricted net position of \$771,488 (62.98% of total net position) represents the amount available to be used to meet the Fire District's ongoing obligations to its citizens. The remaining 37.02% of net position (\$453,508) is net investment in capital assets.

The District recognized \$427,631 in ad valorem tax revenue in 2019. This is an increase of \$18,220 or 4.45% from 2018.

The District recognized \$137,200 in assessment fees revenue in 2019. This is a decrease of \$2,136 or 1.53% from 2018.

The District's total expenses of \$492,335 (net of \$62,792 of depreciation) in 2019 were a decrease of \$35,742 or 6.77% from \$528,077 in 2018.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statement

The government-wide financial statements report information about the Fire District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Fire District's assets and all of its liabilities. All of

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the Fire District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes, parcel fees and intergovernmental revenues that include fire insurance rebates, state supplemental pay and grants.

Fund Financial Statements

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplemental Information

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

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FINANCIAL ANALYSIS OF THE FIRE DISTRICT AS A WHOLE

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2019, The Fire District's assets exceed its liabilities by \$1,224,996 (net position).

At December 31, 2019, \$453,508 or 37.02% of the Fire District's net position reflects capital assets with a historical cost of \$1,850,452 less accumulated depreciation of \$1,396,944.

Cash increased \$101,508 (56.22%) from \$180,558 in 2018 to \$282,066 at December 31, 2019.

Total net accounts receivable increased \$13,112 or 2.68%. Net parcel fees receivable decreased \$448 (0.42%) from \$105,998 in 2018 to \$105,550 at December 31, 2019. Ad valorem tax receivable increased \$13,560 (3.53%) from \$383,719 in 2018 to \$397,279 at December 31, 2019.

Total liabilities for the Fire District increased \$846 or 4.13% from 2018. Liabilities of the Fire District consist of accrued payroll, payroll taxes payable and operating expenses payable.

A Summary of Statement of Net Position is as follows:

ASSETS	Governmental Activities		
	2019	2018	% Change
Cash and cash equivalents	\$ 282,066	\$ 180,558	56%
Accounts receivable, net (see note 3)	502,829	489,717	2.68%
Prepaid expenses	7,945	12,940	-39%
Capital assets, net of accumulated depreciation	453,508	503,689	-10%
Total assets	<u>\$ 1,246,348</u>	<u>\$ 1,186,904</u>	<u>5%</u>
LIABILITIES			
Current liabilities	\$ 21,352	\$ 20,506	4%
Total liabilities	<u>\$ 21,352</u>	<u>\$ 20,506</u>	<u>4%</u>
NET POSITION			
Net investment in capital assets	\$ 453,508	\$ 503,689	-10%
Unrestricted	771,488	662,709	16%
Total net position	<u>\$ 1,224,996</u>	<u>\$ 1,166,398</u>	<u>5%</u>

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The following schedule compares revenues and expenses for the current and previous year. Total revenues decreased by 4.01% (\$25,634) since last year. This decrease was primarily due to a FEMA Grant received in 2018. Approximately 69.68% of the Fire District's total revenues come from property taxes, 22.36% from assessment fees, and 0.60% from grants and donations. Total expenses decreased 6.99% (\$41,729) over the prior year.

A Summary of Statement of Activities is as follows:

	Governmental Activities		
	2019	2018	% Change
Program Revenues:			
Charges for Services-Parcel fees	\$ 137,200	\$ 139,336	-2%
Grants & Contributions	3,668	38,052	-90%
General Revenues:			
Ad valorem taxes	427,631	409,411	4%
Intergovernmental revenues	25,844	13,142	97%
Interest income	1,269	845	50%
Other Revenue	18,113	38,573	-53%
Total revenues	<u>613,725</u>	<u>639,359</u>	-4%
Expenses			
Public Safety	<u>555,127</u>	<u>596,856</u>	-7%
Total expenses	555,127	596,856	-7%
Increases (Decrease) in net position	58,598	42,503	38%
Net Position beginning	<u>1,166,398</u>	<u>1,123,895</u>	4%
Net Position, ending	<u>\$ 1,224,996</u>	<u>\$ 1,166,398</u>	5%

FINANCIAL ANALYSIS OF THE FIRE DISTRICT'S GOVERNMENTAL FUNDS

For the year ended December 31, 2019, differences between the government-wide presentation and the fund financial statements were due to depreciation associated with capital assets, changes in prepaid expenses and unavailable revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Fire District adopted a budget for its General Fund for the year ended December 31, 2019. Actual revenues were \$34,214 over the final budget. Actual expenses were less than the budgeted amounts by \$9,984. The budget was amended once during the year.

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DEBT ADMINISTRATION

The DeSoto Parish Fire Protection District No. 3 does not currently carry any indebtedness other than normal trade payables.

CAPITAL ASSETS

The Fire District capital asset purchases for 2019 include a replacement of the septic system and new HVAC unit for the Stonewall Fire Station.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source for the Fire District is ad valorem property taxes. This tax is not subject to changes in the economy in the short-term. However, in the long-term, the ability to sustain this income could affect the Fire District's revenue. The budget for fiscal year 2020 should not change significantly from the fiscal year end 2019 budget.

CONTACTING THE FIRE DISTRICT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Fire Protection District No. 3 and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Greg Baker, Chairman, at P. O. Box 329, Stonewall, Louisiana, 71078 or call at (318) 925-0087.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
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GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Funds Financial Statements</u>		<u>Government-wide Statements</u>
	Balance Sheet		Statement of
	<u>General Fund</u>	<u>Adjustments</u>	Net Position
ASSETS			
Cash and cash equivalents	\$ 282,066	\$ -	\$ 282,066
Ad valorem tax receivables	397,279	-	397,279
Assessment fee receivables	105,550	-	105,550
Prepaid expenses	-	7,945	7,945
Capital assets, net of accumulated depreciation	-	453,508	453,508
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>784,895</u>	<u>461,453</u>	<u>1,246,348</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 7,955	-	7,955
Payroll liabilities	<u>13,397</u>	<u>-</u>	<u>13,397</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>21,352</u>	<u>-</u>	<u>21,352</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable ad valorem taxes	9,751	(9,751)	-
Unavailable assessment fees	<u>10,800</u>	<u>(10,800)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>20,551</u>	<u>(20,551)</u>	<u>-</u>
FUND BALANCE / NET POSITION			
Fund Balance:			
Unassigned	<u>742,992</u>	<u>(742,992)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>742,992</u>	<u>(742,992)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ <u>784,895</u>	<u>(763,543)</u>	<u>-</u>
Net Position:			
Net investment in capital assets		453,508	453,508
Unrestricted		<u>771,488</u>	<u>771,488</u>
		<u> </u>	<u> </u>
TOTAL NET POSITION		\$ <u>-</u>	\$ <u>1,224,996</u>

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RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

December 31, 2019

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

Fund Balance - Governmental Fund	\$	742,992
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current fiscal year		7,945
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds		453,508
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are reflected as income in the Government-wide statement		
Deferred ad valorem taxes		9,751
Deferred assessment fees		10,800
		1,224,996
Net Position of Governmental Activities	\$	1,224,996

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

For the year ended December 31, 2019

	Governmental Funds Financial Statements Statement of Revenues Expenditures, and Changes in Fund Balance General Fund	Adjustments	Government-wide Statements Statement of Activities
EXPENDITURES/EXPENSES			
Public Safety-Fire			
Personnel and related benefits	\$ 324,907	\$ -	\$ 324,907
Materials and supplies	141,125	4,995	146,120
General and administrative	21,308	-	21,308
Capital outlays	12,610	(12,610)	-
Depreciation	-	62,792	62,792
TOTAL EXPENDITURES/EXPENSES	499,950	55,177	555,127
PROGRAM REVENUES			
Charges for services	134,351	2,849	137,200
Operating grants & contributions	3,668	-	3,668
Capital grants & contributions	-	-	-
TOTAL PROGRAM REVENUES	138,019	2,849	140,868
NET PROGRAM EXPENSE	(361,931)	(52,328)	(414,259)
GENERAL REVENUES			
Ad valorem taxes	421,783	5,848	427,631
Interest earnings	1,269	-	1,269
Fire insurance rebate	13,210	-	13,210
State Supplemental Pay	12,634	-	12,634
Other income	18,113	-	18,113
TOTAL GENERAL REVENUES	467,009	5,848	472,857
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	105,078	(46,480)	58,598
EXCESS OF REVENUES OVER EXPENDITURES / CHANGE IN NET ASSETS	105,078	(46,480)	58,598
FUND BALANCE / NET POSITION			
Beginning of the year	637,914		1,166,398
End of the year	\$ 742,992		\$ 1,224,996

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

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

Net Change in Fund Balances, Governmental Funds	\$ 105,078
Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable to current periods are recognized.	(4,995)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
Capital outlays (\$12,610) less than depreciation expense (\$62,792)	(50,182)
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds.	
Change in deferred ad valorem taxes	5,848
Change in deferred assessment fees	<u>2,849</u>
Change in Net Position of Governmental Activities	<u>\$ 58,598</u>

NOTES TO THE FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

INTRODUCTION

DeSoto Parish Fire Protection District No. 3 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on July 22, 1987. The Fire District is governed by a five-member board appointed in accordance to LRS 40:1496 as follows: two members by the Police Jury, two members by the Town of Stonewall, and one, the chairman, by the other four members. The Fire District is responsible for maintaining and operating five fire stations and related equipment, and providing fire protection and rescue services to approximately 7,200 residents in the northern part of the parish. The Fire District is staffed by 15 part-time employees and around 40 volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Fire Protection District No. 3 have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

The more significant accounting policies established by GAAP and used by the DeSoto Parish Fire Protection District No. 3 are discussed below.

A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the governmental reporting entity and which component units should be included within the reporting entity. Under provisions of this Statement, the DeSoto Parish Fire Protection District No. 3 was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the Fire District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

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

B. BASIS OF PRESENTATION

The DeSoto Parish Fire Protection District No. 3's financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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NOTES TO THE FINANCIAL STATEMENTS

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

General Fund. The General Fund is the principal fund of the Fire District and is used to account for the operations of the Fire District. General operating expenditures are paid from this fund.

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING (continued)

(whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

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

Basis of Accounting

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

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

However, debt service expenditures are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY

Cash and Interest-bearing Deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, and interest bearing savings accounts of the Fire District. Under state law, the Fire District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Fire District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements.

Accounts Receivable

Major receivables for the governmental activities include ad valorem taxes and assessment fees. The Fire District feels that at this time there is no need for an allowance for doubtful accounts for uncollectible ad valorem tax or assessment fees receivables.

Capital Assets

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

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

Buildings	40 years
Firefighting equipment	5-10 years
Fire trucks	15 years
Office equipment	3 years

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unavailable revenues

Under the modified accrual basis of accounting, the Fire District's governmental funds will not recognize revenue until they are available (collected no later than 60 days after the Fire District's year end). Accordingly, ad valorem taxes assessed yet paid under protest are reported as unavailable revenues in the governmental funds balance sheet only.

Equity Classifications

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

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

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

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

- Nonspendable- Resources that are not in spendable form (such as prepaid expenses) because they are legally or contractually required to be maintained intact,
- Restricted- Resources constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provisions, or by enabling legislation,
- Committed- Resources constrained to specific purposes by the Fire District itself, using its highest level of decision making authority, to be reported as committed, amounts cannot be used for any other purpose unless the Fire District takes the same highest level action to remove or change the constraint,
- Assigned- Resources the Fire District intends to use for a specific purpose, intent can be expressed by the governing body of by an official or body to which the governing body delegates the authority,
- Unassigned- Resources that are available for any purpose, positive amounts are reported only in the general fund

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY (continued)

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

The General Fund, the Fire District's only governmental fund, has an unassigned fund balance of \$742,992.

E. USE OF ESTIMATES

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

2. CASH AND INTEREST-BEARING DEPOSITS

At December 31, 2019, the Fire District has cash and interest-bearing deposits totaling \$282,066 (book balance).

The cash of the DeSoto Parish Fire Protection District No. 3 are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Fire District's name.

At December 31, 2019, the Fire District had \$284,020 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$339,716 in pledged securities.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

3. ACCOUNTS RECEIVABLES

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

Service charge assessment fees receivable	\$ 105,550
Ad valorem tax receivables	397,279
Total accounts receivable	<u>\$ 502,829</u>

4. CAPITAL ASSETS

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

Governmental Activities	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 11,450	-	-	\$ 11,450
Capital assets being depreciated:				
Vehicles	1,106,312	-	-	1,106,312
Buildings	449,423	12,610	-	462,033
Firefighting Equipment	258,847	-	-	258,847
Office Equipment	11,810	-	-	11,810
Total assets being depreciated	<u>1,826,392</u>	<u>12,610</u>	<u>-</u>	<u>1,839,002</u>
Less Accumulated Depreciation				
Vehicles	955,777	36,639	-	992,416
Buildings	154,171	13,739	-	167,910
Firefighting Equipment	212,393	12,414	-	224,807
Office Equipment	11,811	-	-	11,811
Total	<u>1,334,153</u>	<u>62,792</u>	<u>-</u>	<u>1,396,944</u>
Capital Assets, Net	<u>\$ 503,689</u>	<u>(50,182)</u>	<u>-</u>	<u>\$ 453,508</u>

Depreciation expense of \$62,792 was charged to the public safety function.

5. LEVIED TAXES

Ad Valorem Taxes

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

5. LEVIED TAXES (continued)

The property tax calendar is as follows:

Assessment date	January 1, 2019
Levy date	June 30, 2019
Tax bills mailed	October 15, 2019
Total taxes are due	December 31, 2019
Penalties & interest added	January 31, 2020
Tax sale	May 15, 2020

The Fire District has authorized and levied a 10.00 ad valorem tax millage for 2019. The resolution assessing the taxes was approved by the district voters November 21, 2015, effective January, 2016, and expires in the year 2025. The assessment is to cover the cost of the purchase of fire protection equipment and the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes.

Ad valorem taxes are recorded in the year the taxes are assessed. The taxes are normally collected in December of the current year and January and February of the ensuing year. Total assessed value in the Fire District was \$56,474,994 in 2019. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$13,658,214 in 2019. Total of ad valorem tax revenues recognized in 2019 by the Fire District was \$427,631.

The following are the principal taxpayers for the Fire District (2019 amounts):

	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	AD VALOREM TAX REVENUE FOR FIRE DISTRICT
GEP Haynesville, LLC	Oil & Gas	\$ 3,579,923	6.34%	\$ 27,112
Chesapeake Operating, LLC	Oil & Gas	3,291,094	5.83%	24,931
Magnolia Midstream Gas Services	Oil & Gas	2,006,265	3.55%	15,181
Chesapeake Operating, Inc	Oil & Gas	1,342,120	2.38%	10,178
Exco Operating Company	Oil & Gas	1,257,830	2.23%	9,536
Stonewall Ford, Inc.	Auto Dealer	1,089,922	1.93%	8,253
Marketplace Chevy/Buick	Auto Dealer	901,480	1.60%	6,842
Covey Park Gas LLC	Oil & Gas	714,744	1.27%	5,431
Indigo Minerals LLC	Oil & Gas	619,693	1.10%	4,704
MAW Real Estate, LLC	Auto Dealer	610,197	1.08%	4,618
Total		\$ 15,413,268	27.31%	\$ 116,786

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

5. LEVIED TAXES (continued)

Parcel fees

As per Louisiana RS 40:1502, the Fire District annually levies a service charge of \$50 to persons owning assessed property located within its boundaries. The resolution assessing the service charges was reapproved by the district voters October 14, 2017, to continue for ten years through December, 2028. The assessment is to cover the cost of the purchase of fire protection equipment and the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes. On October 14, 2017, the voters of the Fire District approved Louisiana RS 40:1502.16. This statute states assessment fees are to be charged on all residential or commercial structures, whether occupied or unoccupied located in the district and will be billed and collected through the DeSoto Parish Sheriff's office in October of each year when property tax assessments are billed. Due dates and dates of penalties assessed will also follow the property tax calendar dates.

The Fire District assessed \$137,350 in service charges in 2019, and recognized \$137,200 in revenue.

6. RETIREMENT COMMITMENTS

All employees of the DeSoto Parish Fire Protection District No. 3 are members of the Federal Social Security System. The Fire District and its employees contribute a percentage of each employee's salary to the System (6.2% by the employee). The Fire District's contribution during the year ended December 31, 2019, amounts to \$18,560.

7. COOPERATIVE ENDEAVOR AGREEMENTS

During 2019 DeSoto Parish Fire Protection District No. 3 along with 5 other Parish Fire Districts entered into a Cooperative Endeavor Agreement with the DeSoto Parish Sheriff's Office. The Sheriff's Office will provide the Fire Districts with adequate dispatching services for the annual sum of \$275,000 (payable in four quarterly payments) to be paid proportionally by each of the Fire Districts based on 2018 millage revenues. The total portion of Fire District 3 is \$16,835 (\$4,208.75 due quarterly). The DeSoto Sheriff agreed to hire 4 full time employees to provide the dispatching services and to employ a communications supervisor for those employees dispatching for the Fire Districts. The agreement is undated and terminates June 30, 2020 unless amended by all the parties to the agreement.

8. LEASE AGREEMENTS

DeSoto Parish Fire Protection District No. 3 has the following lease agreements:

- 40-year lease commencing April 1, 1990, with North DeSoto Water System to provide water to the Fire District. Annual payment due of \$1.
- 25-year lease commencing April 1, 1990, with Town of Stonewall to lease the land at 5200 Hwy. 3276 on which Central Station is located. Annual payment due of \$1.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

8. LEASE AGREEMENTS (continued)

- 99-year lease (or as long as the Fire District exists) commencing October 1, 1990, with J. U. Burford to lease the land at 2426 Hwy. 171 for Station 2. Annual payment due of \$1.

9. RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of assets and errors and omissions. To handle some of the risk, the Fire District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2019.

10. LITIGATION

There is no litigation pending against the Fire District, at December 31, 2019, nor is it aware of any unasserted claims.

11. RELATED PARTY TRANSACTIONS

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. The Fire District had no identified related party transactions for the year ended December 31, 2019.

12. COMPENSATION PAID TO BOARD MEMBERS

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

13. SUBSEQUENT EVENTS

On March 13, 2020, President Trump declared a national emergency relating to the COVID-19 virus. Management is closely monitoring the related financial impact which cannot be reasonably estimated at this time. Management has performed an evaluation of the Fire District's activities through August 6, 2020, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Service charge parcel fees	\$ 135,350	\$ 135,350	\$ 134,351	\$ (999)
Ad valorem taxes	409,410	409,410	421,783	12,373
Intergovernmental revenue- state funds				
Fire insurance rebate	13,000	13,000	13,210	210
State Supplemental Pay	-	12,634	12,634	-
State and other grants	-	-	-	-
Contributions	-	-	3,668	3,668
Other revenues	120	120	18,113	17,993
Interest income	300	300	1,269	969
Total Revenues	<u>558,180</u>	<u>570,814</u>	<u>605,028</u>	<u>34,214</u>
Expenditures				
Current:				
Public safety-fire				
Personal and related benefits	322,500	335,134	324,907	10,227
Materials and supplies	146,000	147,800	141,125	6,675
General and administrative	22,800	20,800	21,308	(508)
Capital outlays	5,000	6,200	12,610	(6,410)
Total Expenditures	<u>496,300</u>	<u>509,934</u>	<u>499,950</u>	<u>9,984</u>
Net Change in Fund Balance before other financing sources	<u>61,880</u>	<u>60,880</u>	<u>105,078</u>	<u>24,230</u>
Net Change in Fund Balance	61,880	60,880	105,078	24,230
Fund balances, beginning of year	637,914	637,914	637,914	-
Fund balances, end of year	<u>\$ 699,794</u>	<u>\$ 698,794</u>	<u>\$ 742,992</u>	<u>\$ 24,230</u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana
NOTE TO BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

Budgetary Information

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

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

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The original budget was approved by the board on December 15, 2018. The budget was amended once during the year.

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the cash basis of accounting. The budget comparison schedules present the original adopted budget and the final amended budget.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% or more. Total revenues were more than budgeted revenues. Actual cash expenditures were less than budgeted amounts.

The Fire District is in compliance with the Local Government Budget Act R.S. 39:1301-14 and the budget requirements of LSA-RS 39:34.

OTHER SUPPLEMENTAL INFORMATION

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana**

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

For the Year Ended December 31, 2019

	David Jenkins
	<u>Chief</u>
Salary	60,320
State Supplemental Pay	6,317
Benefits-insurance (Medicare)	966
Benefits- retirement (Social Security)	4,131
Benefits - other	-
Auto use	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Dues	33
Unvouchered expenses	-
Special meals	-
Total	<u><u>71,767</u></u>

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS*

**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***

Chief David Jenkins,
and Board of Commissioners
DeSoto Parish Fire Protection District No. 3
Stonewall, Louisiana 71078

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 of America, the financial statements of the governmental activities of the DeSoto Parish Fire Protection District No. 3 (the "Fire District"), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued my report thereon dated August 6, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 are 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 result 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.



Certified Public Accountant

Shreveport, Louisiana
August 6, 2020

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES



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Shreveport, Louisiana 71105
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the board of commissioners of the DeSoto Parish Fire Protection District No. 3 and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the DeSoto Parish Fire Protection District No. 3 (Fire District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Fire District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Obtained the Fire District's written policies and procedures and noted all the Budgeting functions described above were addressed without exception.

- 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.

Obtained the Fire District's written policies and procedures regarding the above Purchasing functions and noted all the Purchasing functions described above were addressed with one exception: How vendors are added to the vendor list was not addressed (Exception).

Management's response:

We use a third-party accountant who does not have purchasing authority and do not deem this necessary from a control standpoint.

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

Obtained the Fire District's written policies and procedures and noted all the Disbursement functions described above were addressed without exception.

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

Obtained the Fire District's written policies and procedures and noted the policies and procedures manual does not directly address management's actions to determine the completeness of all collections for each type of revenue (Exception).

Management's response:

We agree and will amend our policies and procedures to address current practices that meet this control objective.

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

Obtained the Fire District's written policies and procedures and noted all the Payroll/Personnel functions described above were addressed without exception.

- 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.

Obtained the Fire District's written policies and procedures regarding the above Contracting functions and noted all the functions were addressed except for item #2, standards terms and conditions (Exception).

Management's response:

We agree and will update our policy document to correct this exception.

- 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.

Obtained the Fire District's written policies and procedures and noted all the Credit Card functions described above were addressed without exception.

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

Obtained the Fire District's written policies and procedures and noted none of the functions described above were addressed (Exception).

Management's response:

We agree and will update our policy document to correct this exception.

- 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.

Obtained the Fire District's written policies and procedures noted none of the Ethics functions describe above were addressed (Exception).

Management's response:

We agree and will update our policy document to correct this exception.

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

Obtained the Fire District's written policies and procedures and noted none of the Debt Service functions described above were addressed due to the Fire District not having any debt.

- 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.

Obtained the Fire District's written policies and procedures and noted none of the Disaster Recovery/Business Continuity functions described above were addressed (Exception).

Practitioner's Note: *The financial internal control and compliance procedures described in the Fire District's policy and procedure manual have not been updated to reflect current operations. For example, the policy and procedure manual references functions performed by the clerk. The Fire District no longer employs a clerk and many of those activities have been outsourced to an outside accounting firm.*

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

- 2. 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.

Done without exception.

- 3. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or

combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

Noted without exception.

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

No finance charges noted.

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

1.) Noted original receipts were missing for online charges (Exception).

2.) No written documentation of the business/public purpose noted for online charges (Exception).

3.) No meal charges noted.

Management's response:

We agree and will instruct credit card users to print out receipts for online purchases.

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



Certified Public Accountant

Shreveport, Louisiana

August 6, 2020