

Ward 3 Fire Protection District

Chatham, Louisiana

Annual Financial Report

As of and For the Year Ended

December 31, 2019

with Supplemental Information Schedules

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Ward 3 Fire Protection District
Annual Financial Statements

As of and for the year ended December 31, 2019
with Supplemental Information Schedules

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Independent Accountant's Review Report

Ward 3 Fire Protection District
Chatham, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the Ward 3 Fire Protection District, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Ward 3 Fire Protection District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, 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. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Management 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Information

Act 706 of the Louisiana 2014 Legislative Session requires the Schedule of Compensation, Benefits, and Other Payments to Agency Head, as listed in the table of contents, to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have not audited or reviewed such required supplementary information, and, accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on it.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated August 24, 2020 on the results of our agreed-upon procedures.

Kenneth D. Falden & Co., CPAs

Jonesboro, Louisiana
August 24, 2020

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Ward 3 Fire Protection District
Chatham, Louisiana

Statement of Net Position
As of December 31, 2019

		Governmental Activities
Assets		
Cash and equivalents	\$	223,621
Accounts receivable		382,549
Capital assets (net of accumulated depreciation)		2,191,778
Total Assets		2,797,948
Liabilities		
Current Liabilities:		
Accounts payable		16,877
Capital lease payable		45,851
Interest payable		2,458
Non-Current Liabilities:		
Capital lease payable		-
Total Liabilities		65,186
Net Position		
Net investment in capital assets		2,191,778
Unrestricted		540,984
Total Net Position	\$	2,732,762

See accompanying notes and independent accountant's review report.

Ward 3 Fire Protection District
Chatham, Louisiana

Statement of Activities
For the Year Ended December 31, 2019

	Major Funds			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
Fire	\$ 270,255	\$ -	\$ -	\$ -	(270,255)
Total governmental activities	<u>\$ 270,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(270,255)</u>
<u>General Revenues</u>					
Taxes:					
Property taxes, levied for general purposes					420,293
Intergovernmental					6,338
Investment earnings					1,767
Other revenue					400
Total general revenues and transfers					<u>428,798</u>
Change in net position					158,543
Net position - December 31, 2018					<u>2,574,218</u>
Net position - December 31, 2019					<u>\$ 2,732,761</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

Ward 3 Fire Protection District
Chatham, Louisiana

Balance Sheet - Governmental Funds
As of December 31, 2019

		Governmental Funds
Assets		
Cash and equivalents	\$	223,621
Accounts receivable		382,549
Total Assets	\$	606,170
Liabilities & Fund Balances		
Liabilities:		
Accounts payable	\$	16,877
Capital lease payable - current		45,851
Capital lease payable - interest		2,458
Total Liabilities		65,186
Fund balances:		
Unassigned		540,984
Total Fund Balances		540,984
Total Liabilities and Fund Balances	\$	606,170

See accompanying notes and independent accountant's review report.

Ward 3 Fire Protection District
Chatham, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of December 31, 2019

Total Fund Balances at December 31, 2019 - Governmental Funds (Statement C)	\$	540,984
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		2,191,778
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital lease payable	_____	-
Net Position at December 31, 2019	\$	<u><u>2,732,762</u></u>

See accompanying notes and independent accountant's review report.

Ward 3 Fire Protection District
Chatham, Louisiana

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

	Governmental Funds
Revenues	
Taxes:	
Ad valorem tax	\$ 420,293
Intergovernmental	6,338
Total revenues	426,631
Expenditures	
Current:	
Public safety	
Personnel services	9,710
Supplies	10,277
Utilities	11,682
Repairs and maintenance	10,382
Miscellaneous	981
Insurance	23,449
Legal and accounting	6,615
Office	969
Statutorily required pension expense	14,617
Training, education, and travel	1,487
Capital outlay	552,820
Total expenditures	642,989
Excess (deficiency) of revenues over (under) expenditures	(216,358)
Other financing sources (uses)	
Interest earnings	1,767
Capital lease principal expenditures	(51,697)
Capital lease interest expenditures	(2,458)
Miscellaneous	400
Total other financing sources (uses)	(51,988)
Net changes in fund balances	(268,346)
Fund balances - December 31, 2018	809,329
Fund balances - December 31, 2019	\$ 540,983

See accompanying notes and independent accountant's review report.

Ward 3 Fire Protection District
Chatham, Louisiana

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

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(268,345)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(177,628)
Capital outlay		552,820

Capital lease principal expense, which is considered an other financing use on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is a reduction of capital lease payable on the Government-Wide Statements. Capital loan proceeds, which is considered an other financing sources on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is an increase in capital assets on the Government-Wide Statements.

Capital lease principal expense		<u>51,697</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>158,544</u></u>

**NOTES TO THE
FINANCIAL STATEMENTS**

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

INTRODUCTION

The Ward 3 Fire Protection District of Jackson Parish, a component unit of the Jackson Parish Police Jury, is located in the eastern portion of Jackson Parish in northeast Louisiana. As provided by Louisiana Revised Statute 40:1495, the District is governed by a Board of Commissioners consisting of five members: two members are appointed by the Jackson Parish Police Jury; two members are appointed by the Mayor and Board of Aldermen of Chatham, Louisiana; and one member who serves as chairman, is elected by the four appointed board members. Commissioners are residents of the District and serve staggered one and two year terms. The members of the Board of Commissioners do not receive compensation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all relevant GASB pronouncements, and GAAP, as applicable to governmental entities. Also, the District's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513 and Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. As the governing authority of the parish, for reporting purposes, the Jackson Parish Police Jury is the financial reporting entity for Jackson Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Jackson Parish Police Jury for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Ward 3 Fire Protection District
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Notes to the Financial Statements
As of and for the year ended December 31, 2019

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Jackson Parish Police Jury approves the organization's governing body, and the potential for the organization to provide specific benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the Jackson Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Government-Wide Financial Statements

The District's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities for the District. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Ward 3 Fire Protection District's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the District's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the District's general revenues.

Direct Expenses - The District reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The District reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues.

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

D. Fund Financial Statements

The accounts of the Ward 3 Fire Protection District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the District are classified into one category: governmental.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

"Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Ward 3 Fire Protection District reports the following major governmental funds:

General Fund - The primary operating fund of the District, the General Fund accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes and charges for services.

Ward 3 Fire Protection District
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Notes to the Financial Statements
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Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Sales of fixed assets and long-term debt proceeds and payments are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

E. Equity Classifications

The Ward 3 Fire Protection District has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable funds for the year ended December 31, 2019.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted funds for the year ended December 31, 2019.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The District did not have any committed funds for the year ended December 31, 2019.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners or through the Board delegating this responsibility to a body or official (Fire Chief) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has no assigned funds for year ended December 31, 2019.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. All funds of the District are designated as unassigned.

The 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.

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

F. Budgets

The Fire Chief prepares a proposed budget and submits it to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a formal motion and vote by the Board prior to the commencement of the fiscal year for which the budget is being adopted. The Board of Commissioners may revise or amend the budget at its discretion during legally convened sessions. The District utilizes formal budgetary integration as a management control device for all funds.

The proposed budget was adopted on December 28, 2018 by the Board of Commissioners. The budget had one amendment that was adopted by the Board of Commissioners on December 30, 2019.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Ward 3 Fire Protection District may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The District may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

H. Investments

The Ward 3 Fire Protection District's investments comply with Louisiana Revised Statute 33:2955. Under state law, the 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 District may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for the following, which are permitted under GASB Statement No. 31:

Investments in non-participating interest earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The District reports at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

I. Capital Assets

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

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Furniture, fixtures, equipment	5-10 years
Motor vehicles - fire trucks	15 years
Buildings	40 years

J. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position. The District reported no deferred outflows of resources.

K. Deferred Inflows of Resources

The District reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide statements of net position. The District will not recognize the related revenues until a future event occurs. The District did not report any deferred inflows of resources in the government-wide statements, and no deferred inflows of resources affect the governmental funds financial statements.

L. Estimates

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

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

2. Ad Valorem Tax

Ad Valorem taxes are collected by the Jackson Parish Tax Collector (Jackson Parish Sheriff) and remitted to the Ward 3 Fire Protection District. Ad Valorem taxes are assessed on a calendar year basis by the Jackson Parish Tax Assessor. Billed taxes become delinquent on December 31 of the current year. Ad Valorem taxes attach as an enforceable lien on property on December 31 of each year. The taxes are generally collected in December of the current year and January and February of the ensuing year. The following is a summary of the authorized and levied Ad Valorem taxes.

This millage was approved by the Board of Commissioners on August 5, 2019. This millage is the maximum millage that can be assessed without the approval of the voters of the District.

	Authorized Millage	Levied Millage	Expiration Date
Maintenance	10.00	10.00	2028

3. Cash, Cash Equivalents, and Investments

At December 31, 2019, the District had cash and cash equivalents (book balances) totaling \$223,621. 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 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.

At December 31, 2019, the District had \$223,721 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 federal deposit insurance, and \$600,000 of pledged securities held in a Federal Reserve pledge account. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Ward 3 Fire Protection District has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the District at December 31, 2019. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The Ward 3 Fire Protection District has cash and cash equivalents that are covered by \$250,000 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

At December 31, 2019, the District had no investments.

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

4. Receivables

The receivables of \$382,549 at December 31, 2019, are as follows:

	Amount
Taxes	\$ 382,549
Total	\$ 382,549

5. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2019, is as follows:

	Balance, January 01, 2019	Additions	Deletions	Balance, December 31, 2019
Capital assets not being depreciated				
Construction in progress	\$ -	\$ -	\$ -	-
Land	-	21,000	-	21,000
Total capital assets not being depreciated	-	21,000	-	21,000
Capital assets being depreciated				
Buildings	964,684	133,432	-	1,098,116
Vehicles	1,752,055	370,714	-	2,122,769
Equipment	228,799	27,674	-	256,473
Total capital assets being depreciated	2,945,537	531,820	-	3,477,358
Less accumulated depreciation				
Buildings	423,552	24,232	-	447,784
Vehicles	586,376	132,868	-	719,245
Equipment	119,023	20,528	-	139,551
Total accumulated depreciation	1,128,951	177,628	-	1,306,580
Capital assets, net	\$ 1,816,586	\$ 375,192	\$ -	2,191,778

Depreciation expense of \$177,628 was charged to the public safety function.

The Ward 3 Fire Protection District has a 99 year lease with the Town of Chatham for \$1 per year to utilize the land where the Chatham Fire Station is located.

The Ward 3 Fire Protection District entered into a cooperative endeavor agreement with Jackson Parish Ward 7 Fire Protection District on October 3, 2016. The District exchanged a surplus tanker for assistance provided by the Ward 7 Fire Protection District.

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

6. Payables

The payables of \$16,877 at December 31, 2019, are as follows:

	Amount
Accounts	\$ 2,260
Statutory pension contributions	14,617
Total	\$ 16,877

7. Retirement Plans

The District does not participate in any pension or retirement plans.

8. Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended December 31, 2019:

Long-term obligation	Balance, January 01, 2019	Additions	Deletions	Balance, December 31, 2019
Capital lease obligation - 2015 Tankers	126,014	-	80,162	\$ 45,851
Total	\$ 126,014	\$ -	\$ 80,162	\$ 45,851

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2019:

Long-term obligation	Current portion	Long-term portion	Total
Capital lease obligation - 2015 Tankers	48,851	-	48,851
Total	\$ 48,851	\$ -	\$ 48,851

The following is a summary of the present value of the net minimum lease payments:

Year ending December 31:	2015 Tankers
2020	48,309
Total minimum lease payments	48,309
Less amounts representing interest	2,458
Present value of net minimum lease payments	\$ 45,851

Ward 3 Fire Protection District
Chatham, Louisiana

Notes to the Financial Statements
As of and for the year ended December 31, 2019

9. Grants

During the year ended December 31, 2019, the Ward 3 Fire Protection District received no grants.

10. Risk Management

The District is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering each of these risks of loss. The District believes such coverage is sufficient to preclude any significant uninsured losses to the District. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

11. Litigation and Claims

At December 31, 2019, the District was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 24, 2020, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Ward 3 Fire Protection District
Chatham, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2019

	Budget - Original	Budget - Final	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 450,000	\$ 447,552	\$ 420,293	\$ (27,259)
Contributions	500	-	-	-
Intergovernmental	6,500	6,338	6,338	-
Total revenues	<u>457,000</u>	<u>453,890</u>	<u>426,631</u>	<u>(27,259)</u>
Expenditures				
Current:				
Public safety				
Personnel services	9,000	9,200	9,710	(510)
Supplies	39,500	8,408	10,277	(1,869)
Utilities	11,000	10,997	11,682	(685)
Repairs and maintenance	25,500	10,030	10,382	(352)
Miscellaneous	1,500	200	981	(781)
Insurance	23,000	22,582	23,449	(867)
Legal and accounting	5,000	6,615	6,615	-
Office	1,500	1,070	969	101
Statutorily required pension expense	17,000	16,421	14,617	1,804
Training, education, and travel	4,300	5,563	1,487	4,076
Capital outlay	350,000	428,600	552,820	(124,220)
Total expenditures	<u>487,300</u>	<u>519,686</u>	<u>642,989</u>	<u>(123,303)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,300)</u>	<u>(65,796)</u>	<u>(216,358)</u>	<u>(150,562)</u>
Other financing sources (uses)				
Interest earnings	2,000	1,855	1,767	(88)
Capital lease principal expenditures	(75,000)	(85,000)	(51,697)	33,303
Capital lease interest expenditures	-	-	(2,458)	(2,458)
Miscellaneous	2,500	1,000	400	(600)
Total other financing sources (uses)	<u>(70,500)</u>	<u>(82,145)</u>	<u>(51,988)</u>	<u>30,157</u>
Net changes in fund balances	(100,800)	(147,941)	(268,346)	(120,405)
Fund balances - December 31, 2018	809,329	809,329	809,329	-
Fund balances - December 31, 2019	<u>\$ 708,529</u>	<u>\$ 661,388</u>	<u>\$ 540,983</u>	<u>\$ (120,405)</u>

See accompanying notes and independent accountant's review report.

SUPPLEMENTAL INFORMATION

Ward 3 Fire Protection District
Chatham, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended December 31, 2019

Danny Peel Fire Chief	
Reimbursements	\$ 1,337
	<u>\$ 1,337</u>

Kenneth D. Folden & Co.

Kenneth D. Folden, CPA

Certified Public Accountants

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Ward 3 Fire Protection District
Chatham, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Ward 3 Fire Protection District and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Ward 3 Fire Protection District's compliance with certain laws and regulations during the year ended December 31, 2019 included in the accompanying Louisiana Attestation Questionnaire. Management of Ward 3 Fire Protection District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There was one expenditure noted for materials & supplies exceeding \$30,000, and no expenditures were noted for public works exceeding \$150,000. The District made a final payment on a firetruck that is being assembled. The purchase was through a state contract and followed public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The District has no employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

As stated in procedure (3), the District has no employees.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. The budget was amended once in the fiscal year, and a copy of the amended budget was provided.

6. Trace the budgets adoption and amendments to the minute book.

We traced the adoption of the original budget, for the year ended December 31, 2019, to the minutes of a meeting held on December 28, 2018, which indicated that the budget had been approved by the Board of Commissioners. However, the District did not notify the public. The December 31, 2019 budget was amended and approved by all the Board of Commissioners at the monthly meeting held December 30, 2019, and the budget was amended in the same manner as it was adopted (no public notice).

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budgets to actual revenues and expenditures. Actual revenues were less than budgeted revenues by 6%. Actual expenditures were more than budgeted expenditures 24% due to the deferred outflow of resources for capital outlay in the previous year. The budget was amended during the year.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

The six selected disbursements were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

The six selected disbursements were traced to the District's meeting minutes where they were approved by the Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Ward 3 Fire Protection District posts a notice of each meeting in the local newspaper, the official journal of the District, and the District posts notice of the meeting on the front door of the fire station.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

The District has no employees, and we noted no instances which would indicate payments which would constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

Our report for the year ended December 31, 2018, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Ward 3 Fire Protection District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
August 24, 2020

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governments)

_____ (Date Transmitted)

Kenneth D. Folden & Co., CPAs
302 Eighth Street
Jonesboro, LA 71251

In connection with your audit of our financial statements as of December 31, 2019 and for year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of

6-1-2020 (date completed/date of the representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes (✓) No ()

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes (✓) No ()

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes (✓) No ()

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes (✓) No ()

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes (✓) No ()

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes (✓) No ()

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes (✓) No ()

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes (✓) No ()

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes (✓) No ()

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes (✓) No ()

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes (✓) No ()

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes (✓) No ()

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes (✓) No ()

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes (✓) No ()

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes (✓) No ()

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes (✓) No ()

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes (✓) No ()


We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes (✓) No ()

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes (✓) No ()

The previous responses have been made to the best of our belief and knowledge.

 Fire Chief Management 6-4-2020 Date

 BOARD CHAIRMAN Governance 6-4-2020 Date

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August 24, 2020

Fire Chief Danny Peel
Ward 3 Fire Protection District
Post Office Box 150
Chatham, Louisiana 71226

RE: Management Letter
Review Report – For the Year Ended December 31, 2019

Dear Fire Chief Peel:

We have performed our review of the Ward 3 Fire Protection District, and as a part of those procedures, we have the following information to report to you.

- 1) As required by Louisiana Revised Statute 39:1307, the local government budget law, political subdivisions with proposed expenditures of \$500,000 or more from the general fund in a fiscal year shall afford the public an opportunity to participate in the budgetary process prior to the adoption of the budget. The Ward 3 Fire Protection District did not notify the public that the budget was available for public inspection nor did the District hold a public hearing.
- 2) It is a best practice for governmental agencies to make timely deposits (within one business day). In reviewing the received date and deposit date for Ad Valorem checks in the year reviewed, the Ward 3 Fire Protection District did not make deposits within one business day of receipt of checks.

Management's Response: Management will insure there are procedures are in place to adopt and amend the budget according to the local government budget law, including public participation requirements. The District will put in place procedures to make timely deposits of all revenue.

Sincerely,

Kenneth D. Folden & Co., CPAs

Kenneth D. Folden & Co., CPAs