

**DESOTO PARISH FIRE
PROTECTION DISTRICT NO. 5**
Stanley, Louisiana

FINANCIAL REPORT
December 31, 2023

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
FINANCIAL REPORT
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Independent Auditor's Report

To the Board of Commissioners
DeSoto Parish Fire Protection District No. 5
Stanley, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the DeSoto Parish Fire Protection District No. 5 (the Fire District), a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Fire District as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial about the Fire District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information 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*, we have also issued our report dated June 28, 2024, on our consideration of the Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 28, 2024

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
December 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the DeSoto Parish Fire Protection District No. 5 (Fire District), we offer the readers of our annual financial report our discussion and analysis of the Fire District's financial performance during the year that ended on December 31, 2023. 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 Fire District.

FINANCIAL HIGHLIGHTS

The Fire District experienced an increase in its total net position of \$235,422 or 6.88% during the year. At December 31, 2023, the assets of the Fire District exceeded its liabilities by \$3,656,815.

The Fire District's total revenues increased \$219,001 or 57.30% to \$601,213 in 2023 from \$382,212 in 2022.

Ad valorem tax revenue (property taxes) increased \$212,548 or 60.48% to \$563,977 in 2023 from \$351,429 in 2022. This increase is primarily due to the reassessment of property values by the DeSoto Parish Tax Assessor and a change in assessing oil and gas wells for ad valorem tax purposes.

Total expenses increased \$44,468 or 13.84% to \$365,791 in 2023 from \$321,323 in 2022.

The Fire District's governmental fund balance increased \$377,018 or 30.62%. This change is primarily the result of increased ad valorem revenues during the year.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's 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 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 and intergovernmental revenues that include fire insurance rebates, state revenue sharing 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 activities 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 fund financial statements.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
December 31, 2023

Required Supplemental 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 fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

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, 2023, the Fire District's assets exceed its liabilities by \$3,656,815 (net position).

Approximately 55.67% (\$2,035,651) of the Fire District's net position reflects capital assets consisting of firefighting equipment, fire trucks, buildings and improvements, with a historical cost of \$4,285,299 less accumulated depreciation of \$2,249,648 less any related debt used to acquire those assets that is still outstanding (the Fire District has no outstanding related debt). This portion of net position is not available for future spending.

Unrestricted net position of \$1,621,164 or 44.33% of total net position as of December 31, 2023, may be used to meet the ongoing obligations to the citizens of Fire District.

Accounts receivable consists of \$567,908 in ad valorem taxes receivable and \$192 in a payroll tax overpayment receivable.

Prepaid expenses increased \$625 (2.54%) during the year ended December 31, 2023.

A Summary of Statement of Net Position is as follows at December 31:

	Governmental Activities	
ASSETS	2023	2022
Cash	\$ 546,213	\$ 458,272
Investments	523,774	411,079
Accounts receivable	567,908	363,070
Prepaid expenses	25,220	24,595
Capital assets, net	2,035,651	2,177,770
Total assets	3,698,766	3,434,786
LIABILITIES		
Current liabilities	41,951	13,393
Total liabilities	41,951	13,393
NET POSITION		
Net investment in capital assets	2,035,651	2,177,770
Unrestricted	1,621,164	1,243,623
Total net position	\$ 3,656,815	\$ 3,421,393

The Summary of the Statement of Activities that follows compares revenues and expenses for the current and previous years. Total revenues increased by 57.30% (\$219,001) from last year. 93.81% of the Fire District's total revenues come from ad valorem taxes and 2.72% from other state sources. Total expenses increased 13.84% (\$44,468) over the prior year.

Ad valorem tax revenue for the Fire District increased \$212,548 or 60.48% to \$563,977 in 2023 from \$351,429 in 2022. This increase is primarily due to a reassessment of property values by the DeSoto Parish Tax Assessor.

Expenses of the Fire District, without depreciation, increased \$32,907 (18.05%) from \$182,320 in 2022 to \$215,227. Depreciation expense of \$150,564 made up 41.16% of total expenses for December 31, 2023, compared to 43.26% of total expenses in 2022.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
December 31, 2023

The Fire District increased its net position by \$235,422 (6.88%) for the year ended December 31, 2023.

A Summary of Statement of Activities is as follows for the year ending December 31:

	Governmental Activities	
	2023	2022
Program Revenues:		
Grants/Contributions	\$ -	\$ 9,130
General Revenues:		
Ad Valorem Taxes	563,977	351,429
Intergovernmental revenues	16,363	17,101
Other income	2,000	1,000
Gain (loss) on sale of assets	3,000	-
Interest income	15,873	3,552
Total revenues	601,213	382,212
Expenses		
Public Safety	365,791	321,323
Total expenses	365,791	321,323
Increases in net position	235,422	60,889
Net Position, beginning	3,421,393	3,360,504
Net Position, ending	\$ 3,656,815	\$ 3,421,393

FINANCIAL ANALYSIS OF THE FIRE DISTRICT’S GOVERNMENTAL FUNDS

For the year ended December 31, 2023, differences between the government-wide presentation and the fund financial statements were due to acquisition of capital outlays, depreciation changes associated with capital assets, and prepayment of expenses. During 2023, the fund balance of the General Fund increased \$377,018 (30.62%) to \$1,608,377 compared to a fund balance of \$1,231,359 for the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Fire District adopted a budget for its General Fund for the year ended December 31, 2023. The budget was not amended during the year. Total actual revenues and other financing sources were more than final budgeted revenues by \$238,790 (65.98%). Total actual expenditures were \$90,528 (28.81%) less than the final budgeted expenditures.

DEBT ADMINISTRATION

The DeSoto Parish Fire Protection District No. 5 does not currently carry any indebtedness other than normal trade payables.

CAPITAL ASSETS

The Fire District capital asset acquisitions consisted of new bay doors for two stations.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The primary revenue source for the Fire District is 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. Revenues and expenses are expected to be consistent with the prior year.

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. 5 and to present the Fire District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ron Conleay, Secretary/Treasurer, at P.O. Box 1089, Logansport, Louisiana, 71049.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2023

	Governmental Funds Financial Statements		Adjustments	Government-wide Statements
	Balance Sheet			Statement of
	General Fund			Net Position
ASSETS				
Cash	\$ 546,213	\$ -		\$ 546,213
Investments	523,774	-		523,774
Accounts receivable	567,908	-		567,908
Prepaid expenses	25,220	-		25,220
Capital assets, net of depreciation	-	2,035,651		2,035,651
TOTAL ASSETS	\$ 1,663,115	2,035,651		3,698,766
LIABILITIES				
Accounts payable	\$ 40,535	-		40,535
Payroll liabilities	1,416	-		1,416
TOTAL LIABILITIES	41,951	-		41,951
DEFERRED INFLOWS OF RESOURCES				
Unavailable ad valorem taxes	12,787	(12,787)		-
TOTAL DEFERRED INFLOWS OF RESOURCES	12,787	(12,787)		-
FUND BALANCE / NET POSITION				
Fund Balances:				
Nonspendable	25,220	(25,220)		-
Unassigned	1,583,157	(1,583,157)		-
TOTAL FUND BALANCES	1,608,377	(1,608,377)		-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,663,115	3,656,815		-
Net Position:				
Net investment in capital assets		2,035,651		2,035,651
Unrestricted		1,621,164		1,621,164
TOTAL NET POSITION		\$ -		\$ 3,656,815

See accompanying notes and independent auditor's report.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2023

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

Fund Balances, Total Governmental Fund	\$ 1,608,377
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the government fund	2,035,651
Unavailable revenues are reported in the governmental fund but not in the Statement of Net Position	<u>12,787</u>
Net Position of Governmental Activities	<u><u>\$ 3,656,815</u></u>

See accompanying notes and independent auditor's report.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana

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

For the Year Ended December 31, 2023

	Governmental Funds Financial Statements		Government-wide Statements
	Statement of Revenues Expenditures, and Changes in Fund Balance	Adjustments	
EXPENDITURES/EXPENSES	General Fund		Statement of Activities
Public Safety-Fire			
Personnel and related benefits	\$ 36,486	\$ -	\$ 36,486
Materials and supplies	136,986	-	136,986
General and administrative	41,755	-	41,755
Capital outlays	8,445	(8,445)	-
Depreciation	-	150,564	150,564
TOTAL EXPENDITURES/EXPENSES	<u>223,672</u>	<u>142,119</u>	<u>365,791</u>
NET PROGRAM EXPENSE	(223,672)	(142,119)	(365,791)
GENERAL REVENUES			
Ad valorem taxes	563,454	523	563,977
State revenue sharing	4,940	-	4,940
Interest earnings	15,873	-	15,873
Fire insurance rebate	11,423	-	11,423
Other income	2,000	-	2,000
TOTAL GENERAL REVENUES	<u>597,690</u>	<u>523</u>	<u>598,213</u>
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	374,018	(141,596)	232,422
OTHER FINANCING SOURCES(USES)			
Sale of assets/Gain (loss) on sale of assets	3,000	-	3,000
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES USES/CHANGE IN NET ASSETS	377,018	(141,596)	235,422
FUND BALANCE / NET POSITION			
Beginning of the year	1,231,359		3,421,393
End of the year	<u>\$ 1,608,377</u>		<u>\$ 3,656,815</u>

See accompanying notes and independent auditor's report.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

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

Net Change in Fund Balances, Governmental Fund	\$	377,018
The amount by which capital outlays (\$8,445) were less than depreciation (\$150,564) in the current period.		(142,119)
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 unavailable ad valorem taxes		523
Change in Net Position of Governmental Activities	\$	235,422

See accompanying notes and independent auditor's report.

NOTES TO THE FINANCIAL STATEMENTS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023

INTRODUCTION

DeSoto Parish Fire Protection District No. 5 (the Fire District) was created by the DeSoto Parish Police Jury (the Police Jury), as authorized by Louisiana Revised Statute 40:1492 on April 16, 1988. 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 Village of Stanley, and one by the other four members. The Fire District has two paid employees; a part-time administrative employee and a part-time fire chief. The Fire District is responsible for maintaining and operating four fire stations and related equipment, and providing fire protection within the Fire District's boundaries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Fire District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America applicable to state and local governments. 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 in GAAP and used by the Fire District are discussed below.

A. REPORTING ENTITY

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 Fire District was determined to be a component unit of the 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 Fire District's basic financial statements consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements.

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. The minimum number of funds is maintained consistent with legal and managerial requirements.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

B. **BASIS OF PRESENTATION** (continued)

A fund is considered major if it is the primary operating fund of the entity. The only fund of the Fire District is considered a major fund and is classified as a governmental fund as described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund of the Fire District and is used to account for the operations of the Fire District. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Fire District's policy.

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 of 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 (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 the 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 taxes are recorded in the year in which the taxes are assessed. State revenue sharing is recorded in the year the Fire District is entitled to the funds. Intergovernmental revenues and grants are recognized when received. Interest income on deposits is recorded monthly when the interest is earned and credited to the account.

Expenditures. Salaries are recorded when employee services are paid. 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 liability is incurred.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY

Cash and Investments

Cash includes amounts in demand accounts, interest-bearing demand deposits, and certificates of deposits with a 90 days or less maturity term at time of purchase. Investments include certificates of deposit with maturities of over 90 days at the time of purchase. 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 principal offices in Louisiana.

Prepaid Expenses

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid expenses.

Accounts Receivable

The only receivables for the governmental activities are ad valorem taxes and a payroll tax-related receivable. Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported 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 asset 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	20 years
Firefighting equipment	5-15 years
Fire trucks	15 years

Deferred Inflows of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources arise when potential revenues do not meet both the "available" and "measurable" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria have been met the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Fire District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in the category. Accordingly, the item, unavailable ad valorem revenue, is reported only in the governmental funds balance sheet. The Fire District has \$12,787 in unavailable ad valorem revenue at December 31, 2023.

Compensated Absences

The Fire District does not provide for the accumulation and vesting of leave.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND EQUITY (continued)

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 its 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.

Fund Balances

In accordance with GASB Statement No. 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 or higher levels of government).
- Committed- Resources constrained by the Fire District itself. To be reported as committed, amounts cannot be used for any other purpose unless the Fire District takes the action to remove or change the constraint.
- Assigned- Resources the Fire District intends to use for a specific purpose.
- Unassigned- Resources that are available for any purpose.

The Fire District establishes (and modifies and rescinds) fund balance commitments and assignments through adoption and amendment of the budget. 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 and 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 \$1,583,157.

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 INVESTMENTS

At December 31, 2023, the Fire District had cash and investments totaling \$1,069,987 (book balance).

The cash and investments of the DeSoto Parish Fire Protection District No. 5 are subject to the following risks:

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of the certificate of deposit. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Fire District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Fire District's deposits are in interest bearing and non-interest bearing checking and savings accounts and certificates of deposit with maturities of one-year which limits exposure to fair value losses.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023

2. CASH AND INVESTMENTS (continued)

Custodial Credit Risk: Custodial credit risk 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 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 of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire District that the fiscal agent 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, 2023, the Fire District had \$1,083,136 in deposits (collected bank balances). These deposits were secured from risk by \$602,867 of federal deposit insurance and \$480,269 of pledged securities with a total market value of \$1,719,949. At December 31, 2023, all balances were covered by pledged securities or federal deposit insurance.

3. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2023, are as follows:

<u>Governmental Activities</u>	Balance December 31, 2022	Additions	Deletions / Reclassifications	Balance December 31, 2023
Vehicles	\$ 2,255,271	\$ -	\$ (31,550)	\$ 2,223,721
Buildings	1,551,743	8,445	-	1,560,188
Firefighting Equipment	501,390	-	-	501,390
Total	<u>4,308,404</u>	<u>8,445</u>	<u>(31,550)</u>	<u>4,285,299</u>
Less accumulated depreciation				
Vehicles	1,353,919	91,929	(31,550)	1,414,298
Buildings	363,037	43,835	-	406,872
Firefighting Equipment	413,678	14,800	-	428,478
Total	<u>2,130,634</u>	<u>150,564</u>	<u>(31,550)</u>	<u>2,249,648</u>
Capital assets, net	<u>\$ 2,177,770</u>	<u>\$ (142,119)</u>	<u>\$ -</u>	<u>\$ 2,035,651</u>

Depreciation expense of \$150,564 was charged to the public safety function.

4. LEVIED 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 offices 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.

The property tax calendar is as follows:

Assessment date	January 1, 2023
Levy date	June 30, 2023
Tax bills mailed	October 15, 2023
Total taxes are due	December 31, 2023
Penalties & interest added	January 31, 2024
Tax sale	May 15, 2024

The Fire District has authorized a 10.24 mills ad valorem tax for 2023. The taxes are normally collected in December of the current year and January and February of the ensuing year. Total assessed taxable value in the Fire District was \$55,075,876 in 2023.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023

4. LEVIED TAXES (continued)

Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. The total assessed value of the homestead exemption to Fire District was \$2,820,115 in 2023 or \$563,977 in total revenues. The total net ad valorem tax assessed for the Fire District for 2023 was \$592,854. Total of ad valorem tax revenues recognized in 2023 by the Fire District was \$563,454.

The following are the principal taxpayers for the Fire District (2023 amounts):

	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL TAXABLE VALUATION	AD VALOREM TAX REVENUE FOR FIRE DISTRICT
Comstock Oil & Gas	Oil & Gas	\$ 27,474,026	49.88%	\$ 295,716
Enterprise Gathering, LLC	Oil & Gas	\$ 4,577,688	8.31%	\$ 49,266
Enable Midstream Parnters, LP	Oil & Gas	\$ 3,202,150	5.81%	\$ 34,445
DTM Louisiana Gas Gathering, LLC	Oil & Gas	\$ 2,890,852	5.25%	\$ 31,125
SWN Production (Louisiana) LLC	Oil & Gas	\$ 2,689,290	4.88%	\$ 28,931
Louisiana Midstream Gas Service	Oil & Gas	\$ 1,498,888	2.72%	\$ 16,126
Amplify Energy Operating, LLC	Oil & Gas	\$ 948,202	1.72%	\$ 10,197
Tennessee Gas Pipeline Co Div	Oil & Gas	\$ 891,522	1.62%	\$ 9,604
Aethon Energy Operating LLC	Oil & Gas	\$ 880,169	1.60%	\$ 9,486
ATMOS Energy Louisiana	Utility	\$ 702,083	1.27%	\$ 7,529
Total		<u>\$45,754,870</u>	<u>83.06%</u>	<u>\$ 492,425</u>

5. RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets and errors and omissions. To reduce these risks, the Fire District purchases commercial insurance. 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, 2023.

6. LITIGATION

There is no litigation pending against the Fire District, at December 31, 2023, nor is it aware of any unasserted claims.

7. 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. There were no related party transactions.

8. LEASE AGREEMENT

The Fire District entered into an operating lease with the DeSoto Parish School Board in May of 1989 for the land on which one of the stations is located. The lease term was 98 years and the amount of the lease was one dollar, which was paid at the inception of the lease. This lease was renegotiated and a new lease option was approved in August, 2010.

9. COMPENSATION PAID TO BOARD MEMBERS

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

10. COOPERATIVE ENDEAVOR AGREEMENTS

During 2019, the Fire District, 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 5 is \$11,187 (\$2,796.75 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.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the year ended December 31, 2023

10. COOPERATIVE ENDEAVOR AGREEMENTS (continued)

During the year, the Fire District entered into an agreement with the DeSoto Parish Ambulance Service (DPEMS) for DPEMS to provide vehicle maintenance services for the Fire District at the DPEMS maintenance facility in Keatchie, Louisiana. The agreement is for \$8,000 per year with a one-year term.

11. SUBSEQUENT EVENTS

Management has performed an evaluation of the Fire District's activities through June 28, 2024, 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. 5
Stanley, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 350,000	\$ 350,000	\$ 563,454	\$ 213,454
Intergovernmental revenue				
Fire insurance rebate	6,900	6,900	11,423	4,523
State revenue sharing	3,000	3,000	4,940	1,940
Other revenues	2,000	2,000	2,000	-
Interest income	-	-	15,873	15,873
Total Revenues	361,900	361,900	597,690	235,790
Expenditures				
Public safety-fire				
Personnel and related benefits	37,000	37,000	36,486	514
Materials and supplies	113,000	113,000	136,986	(23,986)
General and administrative	52,200	52,200	41,755	10,445
Capital outlays	112,000	112,000	8,445	103,555
Total Expenditures	314,200	314,200	223,672	90,528
Net Change in Fund Balance before other financing sources	47,700	47,700	374,018	326,318
Other financing source				
Gain (loss) on sale of assets	-	-	3,000	3,000
Net Change in Fund Balance	47,700	47,700	377,018	(145,262)
Fund balances, beginning	1,231,359	1,231,359	1,231,359	-
Fund balances, end	\$ 1,279,059	\$ 1,279,059	\$ 1,608,377	\$ (145,262)

See accompanying notes and independent auditor's report.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
NOTE TO BUDGETARY COMPARISON SCHEDULE
December 31, 2023

Budgetary Information

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The budget is adopted annually on the modified accrual basis of accounting. The budget comparison schedule presents the original adopted budget and the final amended budget.

The Fire District is required by state law to adopt an annual budget. 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 budget was approved November 21, 2022.

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 budget was not amended during the year. For the year ended December 31, 2023, total actual revenues and other financing sources were more than final budgeted revenues by \$238,790 (65.98%). Total actual expenditures were \$90,528 (28.81%) less than the final budgeted expenditures.

OTHER SUPPLEMENTAL INFORMATION

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana**

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

For the Year Ended December 31, 2023

Todd Kreamer, Fire Chief

Purpose	Amount
Salary	\$ 10,428
Benefits-insurance (medicare taxes)	151
Benefits- retirement (Social Security taxes)	647
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	2,000
Travel	-
Registration fees	-
Conference travel	-
Training	-
Housing	-
Unvouchered expenses	-
Special meals	-

See accompanying notes and independent auditor's report.

OTHER REPORTS REQUIRED BY LOUISIANA GOVERNMENTAL
AUDIT GUIDE



Dees Gardner, Certified Public Accountants, LLC

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

DeSoto Parish Fire Protection District No. 5
Stanley, Louisiana

We have audited, 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, the financial statements of the governmental activities and the major fund of the DeSoto Parish Fire Protection District No. 5 (the Fire District), a component unit of the DeSoto Parish Policy Jury, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fire District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District's internal control. Accordingly, we 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-01, 2023-02, and 2023-03 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2023-04.

DeSoto Parish Fire Protection District No. 5's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Fire District's responses to the findings identified in our audit and described in the accompanying management response to audit findings. The Fire District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of Fire District, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report which is a matter of public record and is distributed by the Louisiana Legislative Auditor under Louisiana Revised Statute 21:513.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
June 28, 2024

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5
Stanley, Louisiana
Schedule of Findings and Responses
For the Year ended December 31, 2023

Part I. Summary of Auditor's Results

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of the DeSoto Parish Fire Protection District No. 5 as of and for the year ended December 31, 2023, and have issued our report thereon dated June 28, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2023, resulted in an unmodified opinion.

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER THE FINANCIAL REPORTING:

Internal Control

Significant Deficiency	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Material Weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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A management letter was not issued.

FEDERAL AWARDS

Not applicable

Part II. Findings relating to the Financial Statements which are required to be Reported under *Government Auditing Standards*.

FINDINGS RELATED TO INTERNAL CONTROL

2023-01. Inadequate design of internal control over financial closing and reporting.

Criteria: Management has a duty to maintain controls to ensure financial statements are reliable. Controls should be in place to assure that transactions are classified correctly and are complete.

Condition: Transactions are not recorded to permit preparation of financial statements in conformity with GAAP.

Cause: The Fire District's staff lacks knowledge necessary to internally complete the adjusting and closing entries for financial statement reporting requirements.

Effect: The Fire District's management and staff may not identify material misstatements in the financial statements.

Recommendation: The Fire District should either: 1) obtain the resources and/or knowledge necessary to internally prepare the closing and adjusting entries and preparing the financial statements in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

2023-02 Inadequate segregation of duties and oversight over purchasing, disbursements and payroll

Criteria: Good internal controls require checks and balances. More than one employee should be involved in the purchasing, disbursement, and payroll functions. Management and the board should ensure that controls are in place such that all disbursements and payments are (1) reasonable and necessary; (2) budgeted; (3) documented and approved; and (4) solely for the public purposes/functions of the Fire District.

Condition: It was routinely observed that disbursements lacked documentation of approval. In addition, several duplicate payments and overpayments suggest a lack of oversight. The only employees of the District are paid a set salary. There is no documentation of time or approval for payment. The documentation for volunteer firemen reimbursements do not include documentation of management approval.

Cause: The small, part-time staff within the entity make good internal controls difficult to establish.

Effect: Unauthorized transactions could occur and not be detected.

Recommendation: Good internal controls should be established to the extent possible to prevent both intentional and unintentional errors. All disbursements, including payroll related disbursements should be approved by an employee that does not post and process the payment. Employees should be documenting that they have worked their required hours prior to payroll processing. Management and the board should closely review approvals for payment. Board members should be familiar with the process of reviewing financial statements and bank reconciliations to identify potential errors.

2023-03 Cooperative Endeavor Agreements

Criteria: Article VII, §14 of the Louisiana Constitution Section14(A) generally prohibits the state and its political subdivisions from donating public funds or property. The use of Cooperative Endeavor Agreements is sometimes necessary to document the public benefit of certain payments and to clearly define the terms and obligations associated with such payments.

Condition: A payment to another local governmental was made without a Cooperative Endeavor Agreement detailing the benefits to be provided to the Fire District as a result of the payment.

Cause: Unknown.

Effect: The Fire District could be in violation of Article VII, §14 of the Louisiana Constitution Section14(A).

Recommendation: Cooperative Endeavor Agreements should be used for documenting the public benefit to the Fire District when it is not clear and to detail the terms and obligations associated with the payments.

FINDINGS RELATED TO COMPLIANCE

2023-04 Noncompliance with the Louisiana Code of Governmental Ethics.

Criteria: Louisiana Revised Statutes LSA-R.S. 42:1170(A)(3)(a)(i) require each public servant to receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment.

Condition: Two board members of the Commission did not complete the required training on the Code of Governmental Ethics.

Cause: Unknown.

Effect: Penalties could be assessed by the Board of Ethics.

Recommendation: Management should ensure that all employees and commissioners complete the required Ethics training annually.

DeSoto Parish Fire Protection District No. 5

P.O. Box 1089
Logansport, LA 71049

Management Response To Audit Findings

2023-01 Inadequate design of internal control over financial closing and reporting.

Management's Response: Based upon the cost versus benefit of obtaining the necessary resources and/or training, management has determined it is not cost effective and in our best interest to continue to outsource this task to the independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

2023-02 Inadequate segregation of duties and oversight over purchasing, disbursements and payroll

Management's response: Management is in agreement with the recommendations.

2023-03 Cooperative Endeavor Agreements

Management's response: Management is in agreement with the recommendations.

2023-04 Noncompliance with the Louisiana Code of Governmental Ethics.

Management's response: Management is in agreement with the recommendation.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 5

Stanley, Louisiana
Schedule of Prior Year Findings
For the Year ended December 31, 2023

None.

OTHER REPORTS



Dees Gardner, Certified Public Accountants, LLC

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Independent Accountant's Report On Applying Agreed-Upon Procedures

To the DeSoto Parish Fire Protection District No. 5 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. DeSoto Parish Fire Protection District No. 5's management is responsible for those C/C areas identified in the SAUPs.

DeSoto Parish Fire Protection District No. 5 has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) **Written Policies and Procedures**

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
 - v. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. **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 documentation is maintained to demonstrate that all employees and officials, were notified of any changes to the entity's ethics policy.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology 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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedure results: Entity does not have any written policies and procedures.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedure results: Budget-to-actual comparisons not referenced in minutes. No other exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

The main operating account was selected for review.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure results: Bank reconciliations did not include evidence of review, only bank statements. Multiple items outstanding over 12 months reviewed. No other exceptions noted.

4) Collections (excluding EFTs)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The only deposit site of the entity was selected.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

The only collection location of the entity was selected.

- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit; and
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for "Bank Reconciliations" procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

Only one bank account under procedure #3 had applicable deposits to test under this section. Two random deposits were selected for testing.

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Procedure results: Entity does not collect any cash, only checks by mail. Deposits observed were not made timely. Deposits observed were not posted to the correct general ledger accounts. No other exceptions were noted.

5) Non-Payroll Disbursements (exclude card and petty cash purchases, and travel reimbursements)

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

The only location of the entity was selected.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure 5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedure results: Several payments reviewed did not have documentation of approval. There were several payments made based on statements without itemized breakdowns of purchases. Several duplicate payments were noted. Two board members do sign all checks. No other exceptions were noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. 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.
- B. 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 random monthly statement for all 4 cards of the entity selected for review.

 - i. Observe whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder; and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

Using the monthly statements or combined statements selected under procedure #6B 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 (e.g. each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Procedure results: No documentation of approval noted on statement. No receipts provided for statement transactions. Finance charges were noted. Fuel card statements do not include usage reports to review possible exceptions.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policies and procedures procedure 1A (vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure results: The entity did not report any travel related expense reimbursements.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure results: No exceptions were noted as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- The two employees of the entity selected for review.*
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedures #9A above, obtain attendance records and leave documentation for the pay period, and:
- Observe whether all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee's or official's cumulative leave records, and agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedure results: The only two employees of the entity are paid a set salary. Employees do not document attendance or that required hours have been worked. There is no leave earned. No other exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees or officials from "Payroll and Personnel" procedure #9A, obtain ethics documentation from management, and:
- Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedure results: No exceptions noted as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select all, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedure results: Section not applicable to entity. No debt.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure results: No exceptions noted as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Procedure results: We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
14%.
 - ii. Number of sexual harassment complaints received by the agency;

- 0.
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
0.
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
0.
- v. Amount of time it took to resolve each complaint.
0.

We were engaged by DeSoto Parish Fire Protection District No. 5 to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of DeSoto Parish Fire Protection District No. 5 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
June 28, 2024

DeSoto Parish Fire Protection District No. 5

P.O. Box 1089
Logansport, LA 71049

Management Response to statewide agreed upon procedure exceptions

Section 1 - Written Policies and Procedures

Management is working to adopt formal written policies and procedures to address the required sections.

Section 2 – Board or Finance Committee

Management acknowledges that budget to actual comparisons need to be reviewed in meetings.

Section 3 – Bank Reconciliations

Management will make sure that management approval is documented and that outstanding items are reviewed moving forward.

Section 4 - Collections

The entity does not employ any full-time staff and makes a limited number of collections. Management does not believe the costs of employing full-time staff to make timely deposits is worth the benefit. Management will work to ensure deposits are properly classified in the general ledger.

Section 5 – Non-payroll Disbursements

Management will make sure all transactions include documentation of approval and include an itemized, original invoice.

Section 6 – Credit Cards/Debit Cards

Management will make sure that all card statements are approved and have supporting documentation. Fuel card statement approvals will include usage statements where any usage exceptions will be researched. Management will also ensure all statements are paid timely to avoid late fees.

Section 9 – Payroll and Personnel

Management will ensure that employees will certify that required hours have been worked prior to approving payroll time.

Section 10 – Ethics

Management will ensure that all employees and board members complete the required ethics training.

Section 14 – Sexual Harassment

Management is working to develop a sexual harassment policy. Once the policy is implemented, it will be posted in a conspicuous place on the premises. Management will ensure that all employees and board members complete sexual harassment training as required.