

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**A COMPONENT UNIT OF THE  
POINTE COUPEE PARISH POLICE JURY**

**ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2019**

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA  
ANNUAL FINANCIAL REPORT  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

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## Independent Auditors' Report

Board of Commissioners  
Fire Protection District No. 2 of the Parish of Pointe Coupee  
Morganza, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fire Protection District No. 2 of the Parish of Pointe Coupee (District), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fire Protection District No. 2 of the Parish of Pointe Coupee, a component unit of the Pointe Coupee Parish Police Jury, as of December 31, 2019, 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.

## Other Matters

### *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 on pages 4 through 7 and on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fire Protection District No. 2 of the Parish of Pointe Coupee's basic financial statements. The accompanying supplemental information schedules and other information as listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information schedules and other information as listed in the foregoing table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 May 29, 2020, on our consideration of Fire Protection District No. 2 of the Parish of Pointe Coupee'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 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 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 Fire Protection District No. 2 of the Parish of Pointe Coupee's internal control over financial reporting and compliance.

Major, Morrison & David  
New Roads, Louisiana  
May 29, 2020



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2019**

The Management's Discussion and Analysis (MD&A) of the Fire Protection District No. 2 of the Parish of Pointe Coupee (District) provides an overview and overall review of the District's financial activities for the fiscal year ended December 31, 2019. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore, be read in conjunction with the District's financial statements found in the financial section starting on page 9, and the notes thereto. MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* issued June 1999.

**FINANCIAL HIGHLIGHTS**

- \* The District's total net position increased by \$110,903 over the course of this year's operations.
- \* During the year, the District's expenses were \$222,841 more than the \$-0- generated in charges for services and operating grants for governmental programs.
- \* The total cost of the District's programs was \$222,841, an increase of approximately \$11,887 or 5.6 percent.
- \* Total revenues including general revenues were \$333,745, a decrease of \$3,871 or 1.1 percent.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- \* The first two statements on pages 9 and 10 are government-wide financial statements that provide information about the activities of the District as a whole and present a longer-term view of the District's finances.
- \* The remaining statements starting on page 11 are fund financial statements that focus on individual parts of the District's government, reporting the District's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services, such as assessment services, were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide additional detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements as well as providing budgetary comparison data. The last section of the report contains additional supplemental information regarding the governmental fund-general fund. The rest of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

**Government-wide Statements**

The government-wide statements report information about the District as a whole using the accrual basis of accounting, which is similar to that which is used by private sector companies. The statement of net position on page 9 includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities on page 10, regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health, or financial position. Over time, increases and decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will also need to be considered to assess the overall health of the District.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

The government-wide financial statements of the District, report only one type of activity – governmental activities. All of the District's basic services are included here, such as assessment services and general administration.

**Fund Financial Statements**

The fund financial statements, beginning on page 11, provide more detail about the District's most significant funds – not the District as a whole. State laws require the establishment of some funds. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The District uses only the governmental type of fund with the following accounting approach. Most of the District's basic services are included in governmental funds, which focus on how cash and other financial assets that can be readily converted to cash flow in and out of those funds, and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements therefore provide a detailed short-term view of the District's general government operations and the basic services it provides, and helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Since this information does not include the additional long-term focus of government-wide statements, we provide reconciliations on the subsequent pages that explain the relationship (or differences) between the two different type statements.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net position.** The District's combined net position increased between fiscal years 2018 and 2019, going from approximately \$2,340,937 to \$2,451,840. (See Table 1 below)

**Table 1  
District's Net Position**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2019</b>
Assets:		
Current and other assets	\$ 1,422,088	\$ 1,600,228
Capital assets	929,688	859,177
<b>Total assets</b>	<b>\$ 2,351,776</b>	<b>\$ 2,459,405</b>
Deferred Outflows:		
<b>Total deferred outflows</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
Liabilities:		
Current liabilities	10,840	7,565
Noncurrent liabilities	-0-	-0-
<b>Total liabilities</b>	<b>\$ 10,840</b>	<b>\$ 7,565</b>
Deferred Inflows:		
<b>Total deferred inflows</b>	<b>\$ -0-</b>	<b>\$ -0-</b>
Net Position:		
Invested in capital assets, net of related debt	929,688	859,177
Restricted	8,517	9,049
Unrestricted	1,402,732	1,583,614
<b>Total net position</b>	<b>\$ 2,340,937</b>	<b>\$ 2,451,840</b>

Net position of the District's governmental activities increased by 4.7 percent to \$2,451,840.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**Changes in net position.** The District's total revenues decreased by 1.1 percent to \$333,745 (See Table 2), due to increased collections of sales and use taxes. Approximately 95 percent of the District's revenue comes from a general property tax assessed on the property owners in the district and sales and use taxes collected within the district.

The total cost of all programs and services increased approximately \$11,887 or 5.6 percent due to an increase in personnel costs. The District's expenses cover all services, which it offers to the public.

**Governmental Activities**

Revenues for the District's governmental activities decreased by 1.1 percent, while total expenses increased 5.6 percent.

**Table 2  
Changes in District's Net Position**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2019</b>
<b>Revenues</b>		
General revenues		
Ad valorem taxes	\$ 155,406	\$ 145,737
Sales and use taxes	172,360	170,409
Other revenues	9,850	17,599
<b>Total revenues</b>	<b>\$ 337,616</b>	<b>\$ 333,745</b>
<b>Expenses</b>		
General government	210,954	222,841
<b>Total expenses</b>	<b>\$ 210,954</b>	<b>\$ 222,841</b>
<b>Increase (decrease) in net position</b>	<b>\$ 126,662</b>	<b>\$ 110,904</b>

**Table 3  
Net Cost of District's Governmental Activities**

	<b>Total Cost of Services 2019</b>	<b>Net Cost of Services 2019</b>
Public Safety Services	\$ 222,841	\$ 222,841

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

As the District completed the year, its governmental funds reported a combined fund balance of \$1,592,663, reflecting an increase over the prior year of \$181,414. Of the combined fund balance total, \$1,583,614 is unassigned indicating availability for continuing the District's activities. Non-spendable fund balance includes \$9,049 in the form of prepaid expenses. The revenues decrease reflected less sales and use tax revenues, and increases in operating expenditures were due to normal cost of purchases. Expenses for 2020 should remain consistent with 2019.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2019**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the year, the District had invested \$859,177 in capital assets. (See Table 4).

**Table 4  
District's Capital Assets  
(net of accumulated depreciation)**

	<b>Governmental Activities 2019</b>
Land, buildings and improvements	\$ 230,253
Furniture and equipment	108,894
Vehicles	<u>520,030</u>
<b>Total</b>	<b><u>\$ 859,177</u></b>

**Debt**

At year-end, the District had no debt outstanding.

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

Approximately 95 percent of the District's revenues are derived from an ad valorem tax on the voters of the district and sales and use taxes collected within the district. The economy is not expected to generate any significant growth in assessment values and sales and use taxes for 2020 nor is there an expected increase in the District's millage rate. The District's operating expenses are not expected to increase; capital expenditures should remain comparable to 2019, therefore, future revenues and expenses are expected to remain consistent with the current year. The budget for the year 2020 should approximate the same as the year 2019 budget. In the spring of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The District will monitor and take appropriate actions, if needed, to combat any impact of COVID-19 on the its current and future operations..

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our parishioners, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Mark Ramagos, Secretary-Treasurer, P.O. Box 66, Morganza, Louisiana 70759.

## **BASIC FINANCIAL STATEMENTS**

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**Statement of Net Position**

**December 31, 2019**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 658,063
Investments	791,412
Accounts receivable, net	1,467
Due from other governmental units	140,237
Prepaid expenses	9,049
Capital assets, net of depreciation	<u>859,177</u>
Total assets	<u>2,459,405</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Total deferred outflows of resources	<u>-</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	<u>7,565</u>
Total liabilities	<u>7,565</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Total deferred inflows of resources	<u>-</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	859,177
Restricted for:	
Prepaid expenses	9,049
Unrestricted (deficit)	<u>1,583,614</u>
Total net position	<u><u>\$ 2,451,840</u></u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**Statement of Activities**

**For the Year Ended December 31, 2019**

<b>FUNCTIONS/PROGRAMS</b>	Expenses	<b>Program Revenues</b>		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Public safety	\$ 222,841	\$ -	\$ -	\$ (222,841)
Total governmental activities:				<u>(222,841)</u>
General revenues:				
Ad valorem taxes				145,737
Public safety sales and use tax				170,409
Fire insurance rebate				6,911
State revenue sharing				1,815
Miscellaneous				10
Unrestricted investment earnings				<u>8,863</u>
Total general revenues				<u>333,745</u>
Change in net position				110,904
Net position - beginning of the year				<u>2,340,936</u>
Net position - end of year				<u><u>\$ 2,451,840</u></u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA  
GOVERNMENTAL FUNDS**

**December 31, 2019**

	<b>GENERAL FUND</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 658,063
Investments	791,412
Accounts receivable, net	1,467
Due from other governmental units	140,237
Prepaid expenses	9,049
	1,600,228
Total assets	\$ 1,600,228
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	\$ 6,925
Salaries and withholdings payable	640
	7,565
Total liabilities	7,565
Fund balances:	
Nonspendable:	
Prepaid expenses	9,049
Unassigned	1,583,614
	1,592,663
Total fund balance	1,592,663
Total liabilities and fund balance	\$ 1,600,228

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position**

**December 31, 2019**

Total fund balance - governmental funds	\$ 1,592,663
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Balance Sheet - governmental funds.	<u>859,177</u>
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Total net position of governmental activities	<u><u>\$ 2,451,840</u></u>
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The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA  
GOVERNMENTAL FUNDS**

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

	<b>GENERAL FUND</b>
<b>REVENUES</b>	
Ad valorem taxes	\$ 145,737
Intergovernmental revenues:	
Parish sales tax apportionment	170,409
State fire insurance rebate	6,911
State revenue sharing	1,815
Miscellaneous revenue	10
Use of money and property	8,863
Total revenues	333,745
<b>EXPENDITURES</b>	
Public safety:	
Personal services and related benefits	13,015
Legal and accounting	10,838
Operating services	32,664
Maintenance and supplies	29,822
Insurance	22,792
Utilities	6,268
Capital outlay	36,932
Total expenditures	152,331
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	181,414
<b>OTHER FINANCING SOURCES (USES)</b>	
Total other financing sources (uses)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	181,414
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	1,411,249
<b>FUND BALANCE AT END OF YEAR</b>	\$ 1,592,663

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**For the Year Ended December 31, 2019**

Net change in fund balances - total governmental funds	\$ 181,414
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount which capital outlays exceeded depreciation in the current period.

Capital Outlays	36,933
Depreciation	<u>(107,443)</u>
Change in net position of governmental activities	<u>\$ 110,904</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**  
**Morganza, Louisiana**

**Notes to the Financial Statements**  
**As of and For the Year Ending December 31, 2019**

**INTRODUCTION**

On July 14, 1981, the 4<sup>th</sup> Ward Fire Protection District of the Parish of Pointe Coupee was re-designated Fire Protection District No. 2 of the Parish of Pointe Coupee (District) by a resolution of the Pointe Coupee Parish Police Jury under the authority of Louisiana Revised Statute 40:1491. The District operates under a commission form of government and provides fire protection services to all the territory situated within the limits of Pointe Coupee Election District 3, as said Election District was constituted in 1981. The District has two employees. Additional labor is furnished through an intergovernmental service agreement with local volunteer firefighters.

In accordance with LRS 40:1494, the District is managed by a board of five commissioners. Two commissioners are appointed by the Pointe Coupee Parish Police Jury and two are appointed by the Village of Morganza. These four commissioners then appoint the fifth to act as a chairperson.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

As stated above, the District was created by a resolution of the Pointe Coupee Parish Police Jury in 1981 and is a political subdivision of the Pointe Coupee Parish Police Jury. The District does not possess all of the corporate powers necessary to make it a legally separate entity. The Pointe Coupee Parish Police Jury holds all of the District's corporate powers. For this reason, the District was determined to be a component unit of the Pointe Coupee Parish Police Jury, the financial reporting entity.

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

**C. FUND ACCOUNTING**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**Governmental Funds**

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities 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 of the District. The following are the District's governmental funds:

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**

**Morganza, Louisiana**

**Notes to the Financial Statements**

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

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**Program Revenues** – Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the District’s general revenues.

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District’s operations (See the reconciliation statements).

The amounts reflected in the General Fund in the FFS use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the fiscal end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the District) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on or about November 15 of each year, and become delinquent on December 31. Taxes are generally collected in December of the current year and January and February of the following year.

Revenues from sales and use taxes are considered “measurable” when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**

**Morganza, Louisiana**

**Notes to the Financial Statements**

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**E. BUDGETS**

The District prepares an annual budget for the General Fund on the modified accrual basis of accounting. The proposed budget is made available for public inspection no later than 15 days prior to the beginning of each fiscal year. The budget is legally adopted and amended, as necessary, by the District. All appropriations lapse at year end. In accordance with Louisiana Revised Statute 47:1908, the District carries forward any unexpended appropriation into subsequent years. The 2019 budget was legally adopted in an open meeting on November 26, 2018.

**F. ENCUMBRANCES**

The District does not use encumbrance accounting.

**G. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash includes amounts in interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the District's investment policy. The District may invest in United States bonds, treasury notes, or certificates of deposits. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. All external pool deposits are considered investments.

GASB Statement No. 31 requires the District to report investments at fair value in the balance sheet, except as follows:

1. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The District may report at amortized cost money market investments and participating interest earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts that include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

In accordance with GASB Statement No. 31, the District reports investments at amortized cost, money market investments and participating interest-bearing investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations. Investments of the District are reported at fair market value which approximates cost (see note 4).

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**  
**Morganza, Louisiana**  
**Notes to the Financial Statements**

**H. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings & improvements	10-40 years
Equipment & furniture	5-12 years
Vehicles	15 years

**I. PREPAID ITEMS**

The District records prepaid assets for any significant expenditure that can be allocable to future periods in both the government-wide and fund financial statements.

**J. BAD DEBTS**

The District uses the allowance method whereby uncollectible amounts due from other governmental entities are recognized as bad debts through the use of an allowance account or charged off at the time information becomes available which indicates the particular receivable is not collectible. No amounts were charged off in the year ending December 31, 2019.

**K. RESTRICTED NET POSITION**

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

- 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- 2) imposed by law through constitutional provisions or enabling legislation.

**L. FUND EQUITY**

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The following describes the different classifications available for fund balances of governmental funds:

*Non-spendable* – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

*Restricted* – amounts for which constraints have been externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or amounts that are imposed by law through constitutional provisions or enabling legislation.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**  
**Morganza, Louisiana**  
**Notes to the Financial Statements**

*Committed* – amounts that can be used only for specific purposes determined by formal action of the District, who is the highest level of decision-making authority for the Fire Protection District No. 2 of the Parish of Pointe Coupee’s Office. Commitments cannot be used for any other purpose unless the same action that established them decides to modify or remove them.

*Assigned* – amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Amounts can only be assigned by the District.

*Unassigned* – the residual fund balance in the general fund.

When fund balance resources are available for a specific purpose, the District considers the most restrictive funds to be used first. However, the District reserves the right to spend unassigned resources first and to defer the use of more restrictive funds.

**M. USE OF ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following individual funds had actual expenditures over budgeted appropriations for the year ended December 31, 2019.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
None				

**3. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Fire District No. 2	5.16	5.16

The following are the principal taxpayers for the parish and related ad valorem tax revenue for the District:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
Acadian Gas Pipeline	Oil & Gas	\$ 6,945,660	22.42%	\$ 35,840
Ingram Barge Company	Transport	3,249,350	10.49%	16,765
American Comm. Lines	Transport	3,081,490	9.95%	15,901
Transcontinental Pipeline	Oil & Gas	2,018,620	6.52%	10,416
ORX Resources, LLC	Oil & Gas	970,960	3.13%	5,010
		<u>\$ 16,266,080</u>	<u>52.51%</u>	<u>\$ 83,932</u>
Total				

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**  
**Morganza, Louisiana**  
**Notes to the Financial Statements**

**4. DEPOSITS AND INVESTMENTS**

**A. Cash and Cash Equivalents**

Cash and Cash equivalents include bank accounts and short-term investments. See Note 1(G) for additional cash disclosure note information.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized, or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the District. The District’s cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the bank. The following chart represents bank balances for the District as of December 31, 2019. Deposits are listed in terms of whether they are exposed to custodial credit risk.

**Bank Balances**

	<u>Uninsured &amp; Uncollateralized</u>	<u>Uninsured &amp; Collateralized with Securities held by Pledging Institution or It’s Trust Department/Agent But Not in the Entity’s Name</u>	<u>Total Bank Balances – All Deposits</u>	<u>Total Carrying Value – All Deposits</u>
Cash and Cash Equivalents	\$ -	\$ -	\$ 920,786	\$ 658,063

**B. Investments**

Investments are stated at fair value. See also Note 1 (G) for additional investment disclosure information.

Credit Risk - Investments

Investments permitted by state statute include obligations issued, insured or guaranteed by the U.S. government including certificates or other ownership interest in such obligations and/or investments in registered mutual or trust funds consisting solely of U.S. government securities. The District’s investment program is limited to purchases of bank certificate of deposits, U.S. treasury and government agency obligations, U.S. corporate bonds that meet the requirements of Louisiana Revised Statute 33:2955(A)(1)(l) as well as investments in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a nonprofit corporation formed by an initiative of the State Treasurer, and organized under the laws of the State of Louisiana which operates a local government investment pool. LAMP is rated AAAM by Standard & Poor’s. It is the District’s opinion that since these securities are governmental agencies, credit risk is not a factor.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of the investment. Investments are exposed to custodial risk if the securities are (a) uninsured and unregistered and held by the counterparty or (b) uninsured, unregistered and held by the counterparty’s trust

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**  
**Morganza, Louisiana**  
**Notes to the Financial Statements**

department or agent but not in the name of the District. The following chart presents the investment position of the District as of December 31, 2019. The various types of investments are listed and presented by whether they are exposed to custodial credit risk.

**Investments**

	<u>Uninsured, Unregistered, and Held by the Counterparty</u>	<u>Uninsured, Unregistered, and Held by the Counterparty's Trust Department/Agent But not in the Entity's Name</u>	<u>All Investments – Reported Amount</u>	<u>All Investments – Fair Value</u>
Certificates of Deposit	\$ -	\$ -	\$ 791,412	\$ 791,412
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,412</u>	<u>\$ 791,412</u>

**Interest Rate Risk - Investments**

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Investments can be highly sensitive to changes in interest rates due to their terms or characteristics. The District's investment policy with regards to interest rate risk is to match cash flow requirements with cash flows from investments. This matching allows for securities to be held to maturity thereby avoiding realizing losses due to liquidation of securities prior to maturity, especially in a rising interest rate environment. Investing in longer term maturities that contain a "step up" in coupon interest rates will also contribute to the reduction of interest rate risk. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 89 as of December 31, 2019. Investments classified by maturity dates at December 31, 2019 are summarized below:

<u>Investment</u>	<u>Fair Value</u>	<u>0-1 Years Before Maturity</u>	<u>1-5 Years Before Maturity</u>	<u>6+ Years Before Maturity</u>
Certificates of Deposit	\$ 791,412	\$ 678,036	\$ 113,376	\$ -
Total	<u>\$ 791,412</u>	<u>\$ 678,036</u>	<u>\$ 113,376</u>	<u>\$ -</u>

**5. RECEIVABLES**

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

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Total</u>
Ad Valorem Taxes	\$ 140,237	\$ 140,237
State Revenue Sharing	-0-	-0-
Accrued Interest Receivable	<u>1,467</u>	<u>1,467</u>
Total	<u>\$ 141,704</u>	<u>\$ 141,704</u>

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**  
**Morganza, Louisiana**  
**Notes to the Financial Statements**

**6. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended December 31, 2019 are as follows:

	<u>Land, Buildings &amp; Improvements</u>	<u>Furniture &amp; Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost of capital assets, December 31, 2018	\$ 308,915	\$ 362,664	\$ 1,466,351	\$ 2,137,930
Additions	36,394	538	-0-	36,932
Deletions	-0-	-0-	-0-	-0-
Cost of capital assets, December 31, 2019	<u>345,309</u>	<u>363,202</u>	<u>1,466,351</u>	<u>2,174,862</u>
Accumulated depreciation, December 31, 2018	68,286	274,053	865,903	1,208,242
Additions	7,095	19,930	80,418	107,443
Deletions	-0-	-0-	-0-	-0-
Accumulated depreciation, December 31, 2019	<u>75,381</u>	<u>293,983</u>	<u>946,321</u>	<u>1,315,685</u>
Capital assets net of accumulated Depreciation, at December 31, 2019	<u>\$ 239,928</u>	<u>\$ 69,219</u>	<u>\$ 520,030</u>	<u>\$ 859,177</u>

Depreciation expense of \$107,443 for the year ended December 31, 2019 was charged to the general fund governmental function.

**7. ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$4,810 as of December 31, 2019, are as follows:

	<u>General Fund</u>	<u>Total</u>
Accounts	\$ 6,925	\$ 6,925
Salaries and withholdings	<u>640</u>	<u>640</u>
Total	<u>\$ 7,565</u>	<u>\$ 7,565</u>

**8. COMPENSATION PAID TO BOARD MEMBERS**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, compensation paid to board members during the year ended December 31, 2019 is as follows:

Members of the Board of Commissioners:	<u>Compensation</u>
Eugene Serio, Chairman	\$ 390
Mark Ramagos, Secretary-Treasurer	3,640
Lyndon Leonards	390
Marty Frey	390
Michael Neal	<u>390</u>
Total	<u>\$ 5,200</u>

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**

**Morganza, Louisiana**

**Notes to the Financial Statements**

**9. RISK MANAGEMENT**

The District is exposed to risks of loss in the areas of general and automobile liability. Those risks are handled by purchasing commercial insurance. There was no significant reduction in insurance coverage during the current year.

**10. LITIGATION**

There is no litigation pending against the District at December 31, 2019. No litigation costs were incurred for the year ended December 31, 2019.

**11. SUBSEQUENT EVENTS**

Management has performed an evaluation of the District's activities through May 29, 2020, and has concluded the following significant subsequent events requiring recognition or disclosure through the date and time these financial statements were available to be issued on May 29, 2020.

In the spring of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The public health crisis has caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The timing and extent of the impact of COVID-19 on the District's current and future operations is unknown at the date of this report.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA  
GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2019**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Ad valorem taxes	\$ 170,000	\$ 170,000	\$ 145,737	\$ (24,263)
Intergovernmental revenues:				
Parish sales tax apportionment	175,000	175,000	170,409	(4,591)
State fire insurance rebate	8,000	8,000	6,911	(1,089)
State revenue sharing	1,800	1,800	1,815	15
Miscellaneous revenue	500	500	10	(490)
Use of money and property	950	950	8,863	7,913
<b>Total revenues</b>	<b>356,250</b>	<b>356,250</b>	<b>333,745</b>	<b>(22,505)</b>
<b>EXPENDITURES</b>				
Public safety:				
Personal services and related benefits	12,750	12,750	13,015	(265)
Legal and accounting	21,000	21,000	10,838	10,162
Operating services	29,800	29,800	32,664	(2,864)
Maintenance and supplies	47,800	47,800	29,822	17,978
Insurance	26,000	26,000	22,792	3,208
Utilities	6,000	6,000	6,268	(268)
Capital outlay	129,000	129,000	36,932	92,068
<b>Total expenditures</b>	<b>272,350</b>	<b>272,350</b>	<b>152,331</b>	<b>120,019</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>83,900</b>	<b>83,900</b>	<b>181,414</b>	<b>97,514</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of fixed assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHI</b>	<b>83,900</b>	<b>83,900</b>	<b>181,414</b>	<b>97,514</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>1,391,561</b>	<b>1,391,561</b>	<b>1,411,249</b>	<b>19,688</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 1,475,461</b>	<b>\$ 1,475,461</b>	<b>\$ 1,592,663</b>	<b>\$ 117,202</b>

**SUPPLEMENTAL INFORMATION**

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
MORGANZA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended December 31, 2019

AGENCY HEAD NAME: Eugene Serio, Chairperson

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	<u>\$ 390</u>
<b>TOTAL</b>	<u><u>\$ 390</u></u>

**INDEPENDENT AUDITORS' 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***

Board of Commissioners  
Fire Protection District No. 2 of the Parish of Pointe Coupee  
Morganza, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Fire Protection District No. 2 of the Parish of Pointe Coupee (District), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 29, 2020.

**Internal Control Over Financial Reporting**

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

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

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

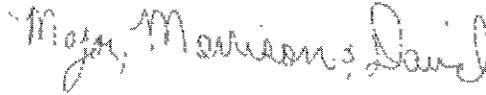
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

Major, Morrison & David  
New Roads, Louisiana  
May 29, 2020

A handwritten signature in cursive script that reads "Major, Morrison & David".

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE

Morganza, Louisiana

Schedule of Findings and Responses  
For the Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Deficiency(s) in internal control identified not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

SECTION II - FINANCIAL STATEMENT FINDINGS

**Finding 19-1**

Criteria: Louisiana Revised Statute 39:1311(A)(1) states that total revenues and other sources for the remainder of the year, within a fund, shall not fall below the total budgeted revenues and other sources by 5% or more.

Condition: The District's actual revenues within the General Fund failed to meet budgeted revenues by 5% or more.

Effect: It results in the District to be in violation of Louisiana Revised Statute 39:1311(A)(1) regarding budgetary authority and control.

Cause: Upon preparation of the budget, management overestimated revenues expected to be collected through the end of the year from taxes. Actual revenues totaled \$333,745 and budgeted revenues totaled \$356,250 which is a difference of \$22,505 and represents a 6.32% difference.

Recommendation: Management should monitor actual revenues and expenditures and compare to budgeted amounts more frequently including closer to the fiscal year end and amend the budget if necessary.

Management's Response: Management has indicated this was an isolated event resulting from overestimating the amount of revenues to be collected through the end of the year from taxes and will be more conservative in the budgeting of revenues going forward.

**Finding 19-2**

Criteria: Article 7, Section 14 of the Louisiana Constitution of 1974 states "the funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged or donated to or for any person, association, or corporation, public or private".

Condition: The District allowed the use of its property for a campaign rally and fund-raising event.

Effect: It results in the District to be in violation of Article 7, Section 14 of the Louisiana Constitution of 1974 on the improper use of public property.

Cause: The District failed to realize at the time, that allowing the use of the property would result in a compliance violation.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE**

**Morganza, Louisiana**

**Schedule of Findings and Responses**

**For the Year Ended December 31, 2019**

Recommendation: Management should review and stay up to date with local government compliance and ethics rules to ensure nothing like this happens in the future.

Management's Response: Management has indicated this was an isolated event resulting from their miss understanding of the use of public property and will not allow any use of public property going forward.

**Finding 19-3**

Criteria: Louisiana Revised Statute 42:20 states that if a public body is required to publish its minutes, it is required to publish in an official journal within a reasonable time after the meeting.

Condition: The District did not publish its minutes for public record.

Effect: It results in the District to be in violation of Louisiana Revised Statute 42:20 regarding publishing meeting in official journal.

Cause: The District recently had to replace its long time clerical person and as a result of changes in clerical personnel, the task of publishing its minutes in an official journal was overlooked in training.

Recommendation: We recommend the District publish minutes to ensure compliance with Louisiana Revised Statute 42:20.

Management's Response: Management agrees with the finding and will ensure minutes will be published in the future to remain in compliance with Louisiana Revised Statute 42:20.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
Morganza, Louisiana  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2019**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partial)</u>
-----------------	-------------------------------------------------------	-------------------------------	-----------------------------------------------------------

**Section I – Internal Control and Compliance Material to the Financial Statements:**

No findings.

**Section II – Internal Control and Compliance Material to Federal Awards:**

Not applicable.

**Section III – Management Letter:**

No management letter issued.

**FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF POINTE COUPEE  
Morganza, Louisiana  
Corrective Action Plan for  
Current Year Audit Findings  
For the Year Ended December 31, 2019**

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completed</u>
<b>Section I – Internal Control and Compliance Material to the Financial Statements:</b>				
19-1	Violation of Louisiana Revised Statute 39:1311(A)(1) regarding budgetary authority & control for General Fund.	Additional steps will be taken to better analyze budget vs. actual revenues to ensure compliance with state statute.	Mark Ramagos	06/2020
19-2	Violation of Article 7, Section 14 of Louisiana Constitution of 1974 regarding improper use of public property	Additional steps will be taken to ensure compliance with state statute.	Mark Ramagos	06/2020
19-3	Violation of Louisiana Revised Statute 42:20 regarding publishing its minutes in an official journal.	Additional steps will be taken to ensure compliance with state statute regarding publishing minutes.	Mark Ramagos	06/2020

**Section II – Internal Control and Compliance Material to Federal Awards**

Not applicable.

**Section III – Management Letter:**

No management letter issued.