

**FIRE PROTECTION DISTRICT NO. 2  
OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA**

Financial Report

For the Year Ended September 30, 2019

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Commissioners  
Fire Protection District No. 2  
of the Parish of St. Mary,  
State of Louisiana  
Centerville, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana (hereinafter "District"), a component unit of the St. Mary Parish Council, as of and for the year ended September 30, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Accountant's Responsibility**

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

### **Accountant's Conclusion**

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 24 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

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

### **Supplementary Information**

The accompanying supplementary information included in the Schedule of Compensation, Benefits and Other Payments to the Board of Commissioners 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 was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*Dannall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Morgan City, Louisiana  
March 20, 2020

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Statement of Net Position  
September 30, 2019

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash and interest-bearing deposits	\$ 38,582
Investments	436,687
Prepaid expenses	3,150
Total current assets	478,419
Noncurrent assets	
Nondepreciable capital assets	15,000
Depreciable capital assets, net of accumulated depreciation	774,711
Total noncurrent assets	789,711
<b>TOTAL ASSETS</b>	<b>\$ 1,268,130</b>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities	
Accounts payable	\$ 4,318
Current portion of capital lease obligations	60,119
Total current liabilities	64,437
Noncurrent liabilities	
Noncurrent portion of capital lease obligations	107,251
Total liabilities	171,688
Net position	
Net investment in capital assets	622,341
Unrestricted	474,101
Total net position	1,096,442
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,268,130</b>

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Statement of Activities  
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position
Governmental activities:		
Public Safety:		
Fire Protection	\$ 241,363	\$ (241,363)
Interest and fiscal charges on debt	7,094	(7,094)
Total governmental activities	248,457	(248,457)
General revenue:		
Ad valorem taxes		220,306
Insurance recoveries		11,313
Interest and investment earnings		10,462
Miscellaneous		611
Total general revenue		242,692
Change in net position		(5,765)
Net position - October 1, 2018		1,102,207
Net position - September 30, 2019		\$ 1,096,442

See accompanying notes and independent accountant's review report.



**FUND FINANCIAL STATEMENTS**

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Balance Sheet – Governmental Fund  
September 30, 2019

	<u>General Fund</u>
<b>ASSETS</b>	
Current assets	
Cash and interest-bearing deposits	\$ 38,582
Investments	<u>436,687</u>
TOTAL ASSETS	<u>\$ 475,269</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Current liabilities	
Accounts payable	\$ 4,318
Fund balance	
Unassigned	<u>470,951</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 475,269</u>

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
September 30, 2019

Fund balance - governmental fund	\$ 470,951
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Expenses paid during the year but attributable to periods after the current year (primarily insurance) are recorded as prepaid expenses in the statement of net position	3,150
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund	(167,370)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Fire truck, net of \$601,984 accumulated depreciation	434,160
Equipment, net of \$105,253 accumulated depreciation	66,915
Fire hydrants, net of \$31,080 accumulated depreciation	11,727
Building, net of \$345,555 accumulated depreciation	261,909
Land	<u>15,000</u>
Total	<u>789,711</u>
Net position of governmental activities	<u>\$ 1,096,442</u>

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Statement of Revenues, Expenditures, and Changes  
in Fund Balance – Governmental Fund  
For the Year Ended September 30, 2019

	General Fund
Revenues:	
Local sources-	
Ad valorem taxes	\$ 220,306
Interest income	10,462
Miscellaneous	611
Total revenues	231,379
Expenditures:	
Current-	
Public safety-	
Fire protection:	
General administrative	7,597
Insurance	24,847
Materials and supplies	17,657
Personal services	31,788
Professional services	17,040
Rent	201
Repairs and maintenance	40,457
Travel	2,213
Utilities	7,143
Capital outlay	81,151
Debt service-	
Principal	58,344
Interest	7,094
Total expenditures	295,532
Deficiency of revenues over expenditures	(64,153)
Other financing sources:	
Insurance recoveries	11,313
Change in fund balance	(52,840)
Fund balance, beginning	523,791
Fund balance, ending	\$ 470,951

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF 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 September 30, 2019

Change in fund balance - governmental fund		\$ (52,840)
<p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p>		
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		58,344
<p>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.</p>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balance	81,151	
Depreciation expense for the year ended September 30, 2019	(92,485)	(11,334)
Expenses attributable to periods beyond the current year are not reported as current year expenses in the Statement of Activities		65
Change in net position of governmental activities		\$ (5,765)

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

INTRODUCTION

Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana (District), was created by Ordinance No. 990 of the St. Mary Parish Council on July 9, 1986. The District encompasses Ward Four of the Parish of St. Mary, State of Louisiana. The purpose of the District is to provide equipment to the Centerville Volunteer Fire Department and to reimburse them for fire protection expenses. The Centerville Volunteer Fire Department is located within the district which encompasses Fire Protection District No. 2.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the Parish Council to impose its will on the organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Council, the financial reporting entity. The accompanying financial statements present information only on the

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds maintained by the District and do not present information on the Parish Council, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The 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 No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

Government-wide Financial Statements:

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. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the District 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 District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into one category: governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues,

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

or expenditures of the individual governmental fund are at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be the major fund.

The major fund of the District is described below:

Governmental Fund –

General Fund

This fund is the primary operating fund of the District and it accounts for the operations of the District's office. 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.

Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues in the year for which they are earned.

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 for 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The District uses the following practices in recording certain revenues and expenditures:

Revenues

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year the tax assessments are received from the parish tax collector.

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.



FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

Assets, Liabilities, and Equity

Cash and Interest-bearing Deposits:

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time 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.

Investments:

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in 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. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. All of the District's investments are in LAMP, which are stated at amortized cost.

Capital Assets:

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for as noncurrent assets. 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 District maintains a threshold level of \$2,000 or more for capitalizing assets. 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

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

	<u>Years</u>
Fire Truck	15
Equipment	5-20
Fire Hydrants	20
Building	10-25

Fund Financial Statements:

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

Capitalized Interest:

The District capitalizes interest costs and interest earned as part of the cost of constructing various projects when material. The District capitalized no interest for the year ended September 30, 2019.

Equity Classifications:

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

1. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position – consists of net position items with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional, provisional or enabling legislation.
3. Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the District.

The District does not have a formal policy regarding the use of restricted and unrestricted resources when both are available for use; however, restricted resources are generally used prior to any unrestricted resources.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified in accordance with GASB Statement No. 54 as follows:

1. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the commissioners.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used only for specific purposes.
5. Unassigned – all other spendable amounts

Use of Estimates

The District uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Change in Accounting

The District adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Debt Borrowings and Direct Placement* for the year ended September 30, 2019. This Statement defines debt for purposes of disclosure in notes to the financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The adoption of this standard had no impact on the District governmental fund or government-wide financial statements.

Subsequent Events

Management has evaluated subsequent events through March 20, 2020, the date the financial statements were available to be issued.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

At September 30, 2019, the District had cash balances (book balances) totaling \$38,582. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2019, the District had \$56,312 in deposits (bank balances).

NOTE 3 INVESTMENTS

Investments held at September 30, 2019 consist of \$436,687 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

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 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 94 days as of September 30, 2019.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 3 INVESTMENTS (CONTINUED)

Foreign currency risk – not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE 4 AD VALOREM TAXES

The District's property tax is levied in October of each year on the assessed value of property within the District's taxing area. The taxes are delinquent by January 1 at which time an enforceable lien is attached to the property. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. Most of the taxes are actually received in January and February.

Ad valorem taxes are budgeted and recorded in the year collected. For the year ended September 30, 2019, taxes applicable to the District's General Fund were levied at the rate of 3.91 mills on property with net assessed valuations totaling \$59,199,936. Total taxes levied during 2019 were \$231,467.

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FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated:				
Fire Truck	1,036,144	-	-	1,036,144
Equipment	160,249	11,919	-	172,168
Fire Hydrants	42,807	-	-	42,807
Building	<u>538,232</u>	<u>69,232</u>	-	<u>607,464</u>
Total capital assets being depreciated	1,777,432	81,151	-	1,858,583
Less accumulated depreciation for:				
Fire Truck	544,201	57,783	-	601,984
Equipment	94,420	10,833	-	105,253
Fire Hydrants	29,491	1,589	-	31,080
Building	<u>323,275</u>	<u>22,280</u>	-	<u>345,555</u>
Total accumulated depreciation	<u>991,387</u>	<u>92,485</u>	-	<u>1,083,872</u>
Capital assets being depreciated, net	<u>786,045</u>	<u>(11,334)</u>	-	<u>774,711</u>
Capital assets, net	<u>\$ 801,045</u>	<u>\$(11,334)</u>	<u>\$ -</u>	<u>\$ 789,711</u>

Depreciation expense in the amount of \$92,485 was charged to public safety.

NOTE 6 CAPITAL LEASES

The District entered into a capital lease agreement for financing the acquisition of a fire truck which will become the property of the District when all terms of the lease agreement are met or when the purchase option price has been paid to the lessor. Annual payments are due on January 15 of each year for seven years beginning January 15, 2014, in the amount of \$27,340 at a fixed interest rate of 2.79%.

The District entered into a capital lease agreement for financing the acquisition of a fire truck which will become the property of the District when all terms of the lease agreement are met or when the purchase option price has been paid to the lessor. Annual payments are due on September 22 of each year with an initial lease payment of \$50,000 on September 22, 2016 and seven payments in the amount of \$38,099 at a fixed interest rate of 3.20% beginning September 22, 2017.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 6 CAPITAL LEASES (CONTINUED)

The following is a summary of changes in debt outstanding as of September 30, 2019:

	<u>Balance</u> <u>9/30/2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>9/30/2019</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases:	\$225,714	\$ -	\$ 58,344	\$ 167,370	\$ 60,119

The following is a schedule of future minimum lease payments under the capital lease agreement and the present value of the net minimum lease payments:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 60,119	\$ 5,319	\$ 65,438
2021	34,613	3,486	38,099
2022	35,738	2,361	38,099
2023	<u>36,900</u>	<u>1,199</u>	<u>38,099</u>
Totals	<u>\$ 167,370</u>	<u>\$ 12,365</u>	<u>\$ 179,735</u>

Equipment and related accumulated amortization under capital lease are as follows:

	<u>Governmental</u> <u>Activities</u>
Fire Trucks	\$ 560,196
Less: accumulated amortization	<u>(167,106)</u>
Net value	<u>\$ 393,090</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

NOTE 7 OPERATING LEASE

The District is a participant in a cancelable operating lease for land where the District's Shadyside substation is located. A payment of \$200 for this lease was made during the year ended September 30, 2019.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Notes to the Financial Statements

NOTE 8 COOPERATIVE ENDEAVOR AGREEMENT

In July 2001, the District entered into a cooperative endeavor agreement with St. Mary Parish Waterworks District No. 5 and St. Mary Parish Sewerage District No. 5 (consolidated into St. Mary Parish Water and Sewer Commission No. 3 effective October 2016) for the planning, construction, use and maintenance of a multi-purpose building which was completed during 2004. The District has a 66% ownership interest in the building.

Utility consumption by the District is metered and billed separately. Housekeeping and maintenance expenses are the responsibility of the respective Districts, based upon each District's occupancy portion of the building as a whole. Expenses for landscaping, maintenance of the grounds, and exterior maintenance of the multi-purpose building are shared equally by the Districts.



**REQUIRED SUPPLEMENTARY INFORMATION**

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Budgetary Comparison Schedule  
General Fund  
For the Year Ended September 30, 2019

	Budget		Actual	Variance-
	Original	Final		Favorable (Unfavorable)
Revenues:				
Local Sources-				
Ad valorem taxes	\$ 220,000	\$ 220,570	\$ 220,306	\$ (264)
Interest income	7,000	10,168	10,462	294
Miscellaneous	900	497	611	114
Total revenues	227,900	231,235	231,379	144
Expenditures:				
Current-				
Public Safety-				
Fire Protection:				
General administrative	9,800	8,220	7,597	623
Insurance	29,000	24,847	24,847	-
Materials and supplies	8,700	11,734	17,657	(5,923)
Personal services	32,140	34,255	31,788	2,467
Professional services	17,000	17,310	17,040	270
Rent	201	201	201	-
Repairs and maintenance	25,600	43,041	40,457	2,584
Training	4,500	2,000	-	2,000
Travel	1,000	3,213	2,213	1,000
Utilities	7,910	6,545	7,143	(598)
Capital outlay	17,500	77,194	81,151	(3,957)
Debt Service	65,438	65,438	65,438	-
Total expenditures	218,789	293,998	295,532	(1,534)
Excess (deficiency) of revenues over expenditures	9,111	(62,763)	(64,153)	(1,390)
Other financing sources:				
Insurance recoveries	-	11,313	11,313	-
Change in fund balance	9,111	(51,450)	(52,840)	(1,390)
Fund balance, beginning	523,791	523,791	523,791	-
Fund balance, ending	\$ 532,902	\$ 472,341	\$ 470,951	\$ (1,390)

See independent accountant's report and accompanying notes to the required supplementary information.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Note to the Required Supplementary Information

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The District prepares and adopts a budget in accordance with Louisiana Revised Statute 39:1301 et seq. The annual budget for the general fund is prepared in accordance with the basis of accounting utilized by that fund (generally accepted accounting principles).

Neither encumbrance accounting nor normal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made.

**OTHER SUPPLEMENTARY INFORMATION**

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Schedule of Compensation, Benefits and Other Payments to the Board of Commissioners  
For the Year Ended September 30, 2019

John Higdon, Chairman	\$ 240
Alton Broussard, Commissioner	270
Wilson Judice, Commissioner	150
Ulysses Knight, Jr., Commissioner	120
Larry Leblanc, Commissioner	<u>210</u>
	<u>\$ 990</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the Commission's chairman. For the year ended September 30, 2019, the Commission's chairman, John Higdon, received \$240 in per diem payments.

See independent accountant's report.

**REQUIREMENTS OF THE  
*LOUISIANA GOVERNMENTAL AUDIT GUIDE***

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners  
Fire Protection District No. 2  
of the Parish of St. Mary,  
State of Louisiana  
Centerville, Louisiana

To the Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Fire Protection District No. 2 of the Parish of St. Mary, State of Louisiana (hereinafter "District") and the Louisiana Legislative Auditor (the specified parties), on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended September 30, 2019, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### *Public Bid Law*

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

No expenditures were made during the year for materials and supplies exceeding \$30,000, and no expenditures were made for public works exceeding \$157,700.

### *Code of Ethics for Public Officials and Public Employees*

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

The District has no employees; therefore, no listing was obtained.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

The District has no employees; therefore, we were not able to perform this procedure.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members and board members' immediate families appeared as vendors on the list of disbursements. The District has no employees.

### *Budgeting*

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

Management provided us with a copy of the original and amended budgets.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced adoption of the original budget to documentation in the minutes of the meeting of the District's commissioners held on September 11, 2018. We traced adoption of the amended budget to documentation in the minutes of the meeting of the District's commissioners held on August 13, 2019.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted revenues. Expenditures for the year did not exceed budgeted amounts by more than 5%.

### *Accounting and Reporting*

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. Report whether the six disbursements agree to the amount and payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.



- b. Report whether the six disbursements were coded to the correct fund and general ledger account.

All six disbursements were properly coded to the correct fund (general fund). Five of the disbursements were properly coded to the correct general ledger account. One disbursement (check #7490), which should have been coded to capital outlay expense, was improperly coded to repairs and maintenance expense.

- c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting each of the six selected disbursements indicated approval by appropriate District personnel.

### *Meetings*

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than copies of the notices and agendas which noted the date and time of posting.

### *Debt*

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We scanned copies of all bank deposit slips for the fiscal year, and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

### *Advances and Bonuses*

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

The District has no employees; therefore, we were not able to perform this procedure.

### *State Audit Law*

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District's report was due on March 31, 2020, and it was submitted timely.

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

The District was in compliance with the audit law for the fiscal year ended September 30, 2019.

*Prior-Year Comments*

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

See the Summary Schedule of Prior Year Findings for the status of prior comments and recommendations.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. 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.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, 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 Louisiana Legislative Auditor as a public document.

*Dannall, Sikes & Frederick*  
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana  
March 20, 2020

**ST. MARY PARISH FIRE PROTECTION DISTRICT NO. 2**  
**Louisiana Attestation Questionnaire**  
**Year Ended September 30, 2019**

Darnall, Sikes & Frederick, CPAs  
1201 Brashear Avenue, Suite 301  
Morgan City, Louisiana

In connection with your review of our financial statements as of September 30, 2019 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date noted on the last page of this questionnaire.

**Public Bid Law**

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

Yes [ X ] No [ ]

**Code of Ethics for Public Officials and Public Employees**

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

Yes [ X ] No [ ]

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

Yes [ X ] No [ ]

**Budgeting**

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

Yes [ X ] No [ ]

**Accounting and Reporting**

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

Yes [ X ] No [ ]

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

Yes [ X ] No [ ]

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

Yes [ X ] No [ ]

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

Yes [ X ] No [ ]

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

Yes  No

**Meetings**

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

Yes  No

**Debt**

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

Yes  No

**Advances and Bonuses**

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

Yes  No

**Prior-Year Comments**

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

Yes  No

**General**

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

Yes  No

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

Yes  No

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

Yes  No

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

Yes  No


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

Yes  No

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


Yes  No

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

  
\_\_\_\_\_  
John Higdon, Chairman

Date

1/23/2020

  
ALAN TAYLOR, TREASURER

1/23/2020

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Summary Schedule of Prior Year Findings  
For the Year Ended September 30, 2019

2018-001     Inadequate segregation of accounting functions

Status: This finding is unresolved. See current year finding 2019-001.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Schedule of Findings and Responses  
For the Year Ended September 30, 2019

The following finding is related to the review of the District's September 30, 2019 financial statements.

2019-001     Inadequate segregation of accounting functions

Criteria: A strong internal control system requires the segregation of responsibilities between different individuals responsible for separate major areas of the accounting system.

Condition: Due to the small number of accounting personnel, the District did not have adequate segregation of functions within the accounting system.

Cause: The failure to design and implement policies and procedures necessary to achieve adequate internal control led to this condition.

Effect: The likelihood that a material misstatement will not be prevented or detected and corrected on a timely basis is increased. The perpetration of fraudulent activity is easier to achieve under this condition.

Recommendation: An analysis of the benefits that would be obtained by adequately segregating functions within the accounting system and the costs to employ additional individuals to achieve adequate segregation should be performed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the District's separate Management's Corrective Action Plan for Current Year Findings.

FIRE PROTECTION DISTRICT NO. 2 OF THE PARISH OF ST. MARY,  
STATE OF LOUISIANA

Management's Corrective Action Plan for Current Year Findings  
For the Year Ended September 30, 2019

Response to Finding 2019-001:

The District is aware of the condition and has determined that based upon the size of the operation and the cost-benefit consideration of additional personnel, it is not feasible to achieve complete segregation of duties.

Name and Title of Contact Person: John Higdon, Chairman