

**NATCHITOCHEs PARISH  
FIRE PROTECTION DISTRICT NO. 7**

**FINANCIAL REPORT  
December 31, 2019**

Natchitoches Parish Fire Protection District No. 7  
Financial Report  
December 31, 2019

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Financial Report  
December 31, 2019

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# NATCHITOCHEES PARISH FIRE PROTECTION DISTRICT NO. 7

P. O. Box 68  
Marthaville, LA 71450

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Natchitoches Parish Fire District No. 7's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the 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 this report. Certain comparative information is presented to provide an overview of the District's operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and presents a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Government-Wide Financial Statements

- The Statement of Net Position presents all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

#### Fund Financial Statements

The services provided by the District are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2019</u>	<u>2018</u>
ASSETS:		
Assets	\$ 807,324	\$ 986,784
Capital assets, net of accumulated depreciation	<u>2,187,213</u>	<u>1,384,659</u>
Total Assets	<u>\$2,994,537</u>	<u>\$2,371,443</u>
LIABILITIES:		
Current Liabilities	\$ 168,078	\$ 10,796
Long-term Liabilities	<u>353,692</u>	<u>0</u>
Total Liabilities	<u>\$ 521,770</u>	<u>\$ 10,796</u>
NET POSITION:		
Net Investment in Capital Assets	\$1,667,259	\$1,384,659
Unrestricted	<u>805,508</u>	<u>975,988</u>
Total Net Position	<u>\$2,472,767</u>	<u>\$2,360,647</u>

## Summary of Statement of Activities

	<u>2019</u>	<u>2018</u>
REVENUES:		
Program Revenues-		
Intergovernmental	\$ 11,807	\$ 11,807
General Revenues-		
Taxes	411,146	403,602
Other	5,350	1,358
Proceeds of Insurance	<u>0</u>	<u>0</u>
Total Revenues	\$428,303	\$416,767
EXPENSES:		
Public Safety	<u>316,183</u>	<u>346,078</u>
Change in Net Position	<u>\$112,120</u>	<u>\$ 70,689</u>

- The District's assets exceeded its liabilities by \$2,472,767 (Net Position) for the year. This is an increase of \$112,120 from prior year.
- Unrestricted net position of \$805,508 represents the portion available to maintain the District's obligation to both citizens and creditors. For 2017, this was \$975,988.

General Fund Budgetary Highlights

The actual revenues were \$978 more than the budgeted amount for the year. Actual expenditures were less than the budgeted amount by \$9,218. Revenues continue to be sufficient to enable the District to provide the necessary fire protection services to the citizens of the district.

Economic Factors and Next Year's Budget

The primary revenue source for the District is property taxes. This type of tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident. The budget for FY 2020 should not change significantly from the FY 2019 budget.

Contacting the Fire District

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at P. O. Box 68, Marthaville, LA 71450.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447  
[www.tcbtcpa.com](http://www.tcbtcpa.com)

**INDEPENDENT AUDITOR'S REPORT**

Natchitoches Parish Fire  
Protection District No. 7  
P.O. Box 68  
Marthaville, Louisiana 71450

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of the Natchitoches Parish Fire Protection District No. 7 (District), a component unit of the Natchitoches Parish Government, 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 for the Financial Statements**

The management of the District 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 the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion 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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 major fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 3 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 Management's Discussion and Analysis 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 the District's basic financial statements. The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, listed as other supplementary information in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 Budgetary Comparison Schedule and the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are fairly stated in all material respects in relation to the 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 February 26, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

*Report on Other Legal and Regulatory Requirements*

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated February 26, 2020, on the results of our state wide agreed-upon procedures performed 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*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier  
Certified Public Accountants  
Natchitoches, LA 71457

February 26, 2020

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 7  
Statement of Net Position  
December 31, 2019

	<u>Governmental Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 424,487
Revenue Receivable	<u>382,837</u>
Total Current Assets	\$ 807,324
Non-current Assets-	
Capital Assets (Net)	<u>2,187,213</u>
Total Assets	<u>\$2,994,537</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 648
Payroll Liabilities	1,168
Current Portion of Long-Term Debt	<u>166,262</u>
Total Current Liabilities	\$ 168,078
Long-term Liabilities-	
Long-Term Debt	<u>353,692</u>
Total Liabilities	<u>\$ 521,770</u>
NET POSITION:	
Net Investment in Capital Assets	\$1,667,259
Unrestricted	<u>805,508</u>
Total Net Position	<u>\$2,472,767</u>

See independent auditors' report and notes to financial statements.



FUND FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 7  
Balance Sheet-Governmental Fund  
December 31, 2019

Assets:

Cash & Cash Equivalents	\$424,487
Revenue Receivable	<u>382,837</u>
Total Assets	<u>\$807,324</u>

Liabilities:

Accounts Payable	\$ 648
Payroll Liabilities	<u>1,168</u>
Total Liabilities	\$ 1,816

Fund Balance:

Unassigned	<u>805,508</u>
Total Liabilities and Fund Balance	<u>\$807,324</u>

See independent auditors' report and notes to financial statements.

Natchitoches Parish Fire Protection District No. 7  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
December 31, 2019

Total Fund Balance for the Governmental Fund at December 31, 2019	\$ 805,508
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:	
The following used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet:	
Land, Equipment, Buildings, and Vehicles	3,272,309
Less, Accumulated Depreciation	(1,085,096)
The following are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet:	
	<u>(519,954)</u>
Total Net Position of Governmental Activities at December 31, 2019	<u>\$ 2,472,767</u>

See independent auditors' report and notes to financial statements.



Natchitoches Parish Fire Protection District No. 7  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Governmental Fund  
Year Ended December 31, 2019

REVENUES:

Taxes-	
Ad Valorem Taxes	\$ 400,778
Revenue Sharing - State	10,368
Intergovernmental-	
Natchitoches Parish Government	11,807
Miscellaneous-	
Interest & Other	<u>5,350</u>
Total Revenues	<u>\$ 428,303</u>

EXPENDITURES:

Current-	
Public Safety-	
Building Maint. & Repair	\$ 21,619
Utilities	7,937
Equipment Maint. & Repair	34,082
Fuel	5,737
Insurance	45,829
Legal	5,605
Office	12,861
Safety Equipment	11,770
Miscellaneous	31
Payroll Expenses	7,688
Capital Outlay	<u>965,578</u>
Total Expenditures	<u>\$1,118,737</u>

Deficiency of Revenues over Expenditures \$ (690,434)

OTHER FINANCING SOURCES:

Debt Proceeds	<u>519,954</u>
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Deficiency of Revenues and Other Sources  
over Expenditures \$ (170,480)

Fund Balance-Beginning of Year 975,988

Fund Balance-End of Year \$ 805,508

Natchitoches Parish Fire Protection District No. 7  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
for the Year Ended December 31, 2019

Net Change in Fund Balance-Governmental Fund \$(170,480)

Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. These timing differences are summarized below:

Long-Term Debt	(519,954)
Capital Outlay	965,578
Depreciation Expense	(163,024)

Change in Net Position, per Statement of Activities \$ 112,120

## NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

1. Introduction:

Natchitoches Parish Fire Protection District No. 7 was created by the Natchitoches Parish Government, by ordinance in June 1982, under the provisions of Louisiana Revised Statutes 40:1492-1701, for the purpose of providing fire protection to the citizens of the District. The District is governed by a Board of Commissioners who are resident property taxpayers of the District. The commissioners are approved/appointed by the Natchitoches Parish Government. The District was created to acquire and maintain buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other such things necessary to provide proper fire protection and control within the District.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 7 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

A. Reporting Entity-

As the governing authority of the Parish, for reporting purposes, the Natchitoches Parish Government is the financial reporting entity for Natchitoches 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 Natchitoches Parish Government for financial reporting purposes. The basic criteria 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. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the Parish Government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.
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.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

Because the Parish Government created by ordinance Fire District No. 7, the District was determined to be a component unit of the Natchitoches Parish Government, 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 Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

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

C. Fund Accounting-

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

The major fund of the District is described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are 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. The District considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District.

Capital Assets-

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

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

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

Furniture, computers	5 years
Firefighting equipment	10 years
Ladders, hoses, air packs	7 years
Radios	10 years
Fire trucks	15 years
Other vehicles	5 years
Buildings	40 years

Compensated Absences-

Employees of the District cannot carry leave forward from year to year. Therefore, there is no accrual made for compensated absences.

Long-term Obligations-

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental statements of net position and activities.

In the fund statements, governmental fund types recognize debt issued as other financing sources. Repayment of the principal and interest is shown as an expenditure.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

Equity Classifications-

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

- a. 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 improvement of those assets;
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation;
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

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

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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



Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

The General Fund has an unassigned fund balance of \$805,508. If applicable, the District would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the Natchitoches Parish Fire Protection District No. 7 adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. Estimates-

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

3. Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Parish Fire Protection District No. 7 are subject to the following risk:

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

Bank account balances totaled \$437,867 at December 31, 2019, which were fully protected by \$353,166 of federal depository insurance and pledged securities with a market value of \$84,701 held by the custodial banks in the name of the District.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

4. Capital Assets:

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

Governmental Activities	Balance 01-01-19	Additions	Deletions	Balance 12-31-19
Capital Assets Not Depreciated:				
Land	\$ 15,000	\$ 0	\$ 0	\$ 15,000
Construction in Progress	<u>0</u>	<u>519,954</u>	<u>0</u>	<u>519,954</u>
Total Capital Assets Depreciated	<u>\$ 15,000</u>	<u>\$519,954</u>	<u>\$ 0</u>	<u>\$ 534,954</u>
Capital Assets Depreciated:				
Firefighting equipment	\$ 182,980	\$ 0	\$ 0	\$ 182,980
Ladders, hoses, air packs	187,198	0	0	187,198
Radios	94,508	0	0	94,508
Vehicles	1,485,405	373,374	5,000	1,853,779
Buildings	<u>346,640</u>	<u>72,250</u>	<u>0</u>	<u>418,890</u>
Total Capital Assets Depreciated	<u>\$2,296,731</u>	<u>\$445,624</u>	<u>\$5,000</u>	<u>\$2,737,355</u>
Total Assets	<u>\$2,311,731</u>	<u>\$965,578</u>	<u>\$5,000</u>	<u>\$3,272,309</u>
Less, Accumulated Depreciation:				
Firefighting equipment	\$ 59,411	\$ 26,704	\$ 0	\$ 86,115
Ladders, hoses, air packs	156,916	15,145	0	172,061
Radios	79,783	7,298	0	87,081
Vehicles	531,080	101,276	5,000	627,356
Buildings	<u>99,882</u>	<u>12,601</u>	<u>0</u>	<u>112,483</u>
Total Depreciation	<u>\$ 927,072</u>	<u>\$163,024</u>	<u>\$5,000</u>	<u>\$1,085,096</u>
Net Capital Assets	<u>\$1,384,659</u>	<u>\$802,554</u>	<u>\$ 0</u>	<u>\$2,187,213</u>

Depreciation expense of \$163,024 was charged to the public safety function.

5. Ad Valorem Taxes:

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 7. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax Sale	May 15

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$45,482,524 in 2019. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$3,882,250 of the assessed value in 2019. For the year ended December 31, 2019, taxes of 10 mils were levied on the property and dedicated to fire protection.

6. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2019.

7. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2019.

8. Compensation Paid to Board Members:

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

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2019

9. Receivables:

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

<u>Class of Receivable</u>	<u>General Fund</u>
Taxes- Ad Valorem	<u>\$382,837</u>

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

10. Long-Term Debt:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Lease-Purchase Agreement	<u>\$0</u>	<u>\$519,954</u>	<u>\$0</u>	<u>\$519,954</u>

Long-term debt at December 31, 2019 is comprised of the following:

In February 2019, the District entered into a lease-purchase agreement with Leasing 2, Inc. for two US tanker freightliners. The terms of this agreement is repayment to be made over three years at \$188,024 per annum at 4.19% interest.

The annual debt service requirements to maturity at December 31, 2019, are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$166,262	\$21,762	\$188,024
2021	173,221	14,803	188,024
2022	<u>180,471</u>	<u>7,553</u>	<u>188,024</u>
Total	<u>\$519,954</u>	<u>\$44,118</u>	<u>\$564,072</u>

11. Subsequent Events:

Management has evaluated events through February 26, 2020, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

Natchitoches Parish Fire Protection District No. 7  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts		Variance with Final Budget Favorable (Unfavorable)	
			Actual	Adjustments to Budgetary Basis		
<b>Revenues:</b>						
Taxes-						
Ad Valorem	\$ 405,000	\$ 410,000	\$ 400,778	\$ 0	\$ 400,778	\$ (9,222)
Revenue Sharing - State	0	0	10,368	0	10,368	10,368
Intergovernmental-						
Natchitoches Parish Government	11,000	11,900	11,807	0	11,807	(93)
Miscellaneous-						
Interest & Other	550	5,425	5,350	0	5,350	(75)
<b>Total Revenues</b>	<b>\$ 416,550</b>	<b>\$ 427,325</b>	<b>\$ 428,303</b>	<b>\$ 0</b>	<b>\$ 428,303</b>	<b>\$ 978</b>
<b>Expenditures:</b>						
Current-						
Public Safety-						
Building Maint & Repair	\$ 50,000	\$ 85,000	\$ 21,619	\$ 0	\$ 21,619	\$ 63,381
Utilities	10,720	7,970	7,937	0	7,937	33
Equipment Maint & Repair	7,000	42,500	34,082	0	34,082	8,418
Fuel	3,500	5,500	5,737	0	5,737	(237)
Insurance	31,000	46,000	45,829	0	45,829	171
Legal	10,000	5,600	5,605	0	5,605	(5)
Office	9,100	12,800	12,861	0	12,861	(61)
Safety Equipment	50,000	13,500	11,770	0	11,770	1,730
Miscellaneous	1,000	31	31	0	31	0
Payroll	0	7,100	7,688	0	7,688	(588)
Capital Outlay	350,000	382,000	965,578	(519,954)	445,624	(63,624)
<b>Total Expenditures</b>	<b>\$ 522,320</b>	<b>\$ 608,001</b>	<b>\$ 1,118,737</b>	<b>\$ (519,954)</b>	<b>\$ 598,783</b>	<b>\$ 9,218</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$(105,770)</b>	<b>\$(180,676)</b>	<b>\$ (690,434)</b>	<b>\$ 519,954</b>	<b>\$(170,480)</b>	<b>\$10,196</b>
<b>Other Financing Sources:</b>						
Debt Proceeds	\$ 0	\$ 0	\$ 519,954	\$(519,954)	\$ 0	\$ 0
<b>Net Change in Fund Balance</b>	<b>\$(105,770)</b>	<b>\$(180,676)</b>	<b>\$ (170,480)</b>	<b>\$ 0</b>	<b>\$(170,480)</b>	<b>\$10,196</b>
Fund Balance-Beginning of Year	975,988	975,988	975,988	0	975,988	0
Fund Balance-End of Year	\$ 870,218	\$ 795,312	\$ 805,508	\$ 0	\$ 805,508	\$10,196

See independent auditors' report.

Natchitoches Parish Fire Protection District No. 7  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended December 31, 2019

Agency Head Name: Mike Marbut, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per Diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	\$0

See independent auditors' report.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447  
[www.tcbtcpa.com](http://www.tcbtcpa.com)

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Natchitoches Parish Fire  
Protection District No. 7  
P. O. Box 68  
Marthaville, Louisiana 71450

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish Fire Protection District No. 7’s (District), a component unit of the Natchitoches Parish Government, basic financial statements and have issued our report thereon dated February 26, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Audit Findings as item 2019-001 that we consider to be a significant deficiency.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

### **Natchitoches Parish Fire Protection District No. 7's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 26, 2020

Natchitoches Parish Fire Protection District No. 7  
Schedule of Audit Findings  
Year Ended December 31, 2019

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Parish Fire Protection District No. 7 as of and for the year ended December 31, 2019;
2. The audit disclosed one significant deficiency in internal control and this deficiency was not determined to be a material weakness;
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control

*2019-001 Segregation of Duties*

*Criteria* - Adequate segregation of duties requires the critical functions of key accounting processes be assigned to and performed by more than one individual.

*Condition* – Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties over accounting functions.

*Cause* - The District has an insufficient number of employees to adequately separate accounting duties or to prepare the District's annual financial statements with related note disclosures.

*Effect* - Intentional or unintentional errors could occur and not be detected, increasing the risk of loss or theft of the District's assets.

*Recommendation* - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

*Management's Response* - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the District to have our independent auditors prepare our annual financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Natchitoches Parish Fire Protection District No. 7  
Schedule of Audit Findings  
(continued)  
Year Ended December 31, 2019

III. PRIOR YEAR AUDIT FINDINGS

*2018-001 Segregation of Duties*

*Condition* – Adequate segregation of duties requires the critical functions of key accounting processes be assigned to and performed by more than one individual. The District does not have a sufficient number of employees to adequately separate the key accounting processes.

*Status* - Repeat finding, see finding 2019-001.

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

Natchitoches Parish Fire  
Protection District No. 7  
P. O. Box 68  
Marthaville, LA 71450

We have performed the procedures enumerated below, which were agreed to by the Natchitoches Parish Fire Protection District No. 7 (District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The District is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, 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.

Our procedures and associated findings are enumerated below.

***Written Policies and Procedures***

---

1. We obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
  - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - ***Disbursements***, including processing, reviewing, and approving.
  - ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
  - **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
  - **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- a) Procedure Results - We noted no exceptions.

***Board (or Finance Committee, if applicable)***

---

2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
- Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.
- a) Procedure Results – We noted no exceptions.

### ***Bank Reconciliations***

---

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
  - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
  - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
  - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
  - a) Procedure Results – We noted no exceptions.

### ***Collections***

---

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
  - Employees that are responsible for cash collections do not share cash drawers/registers.
  - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for each of the deposits selected and:
  - We observed that receipts are sequentially pre-numbered.

- We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- We traced the deposit slip total to the actual deposit per the bank statement.
- We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- We traced the actual deposit per the bank statement to the general ledger.

a) Procedure Results – We noted no exceptions.

***Non-Payroll Disbursements – General (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
  9. For each location selected under #8 above, we obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
    - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
    - At least two employees are involved in processing and approving payments to vendors.
    - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
    - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
    - We observed that the disbursement matched the related original invoice/billing statement.
    - We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- a) Procedure Results – We noted four exceptions: 1) There is not at least two employees involved in initiating a purchase, approving a purchase, and making the purchase; 2) The official responsible for processing payment is not prohibited from adding or modifying vendor files; 3) The official responsible for processing payments is also responsible for mailing checks.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
  - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.
  - a) Procedure Results – We noted no exceptions.

### ***Travel and Expense Reimbursement***

---

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
  - If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
  - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
  - a) Procedure Results – We noted no exceptions.



### *Contracts*

---

15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
  - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.
- a) Procedure Results – We noted no exceptions.

### *Payroll and Personnel*

---

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
- We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - We observed that supervisors approved the attendance and leave of the selected employees/officials.
  - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
  - We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
  - Procedure Results – We noted no exceptions.

***Ethics***

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18. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
- a) Procedure Results – We noted no exceptions.

***Debt Service (excluding nonprofits)***

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19. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
20. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.
- a) Procedure Results – We noted no exceptions.

***Other***

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21. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
22. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
- a) Procedure Results – We noted no exceptions.

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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

February 26, 2020

Natchitoches Parish Fire Protection District No. 7  
Management's Response to Exceptions to  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2019

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 9: Procedure - For each location selected under #8 above, we obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:

- At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Exception - We noted four exceptions: 1) There is not at least two employees involved in initiating a purchase, approving a purchase, and making the purchase; 2) The official responsible for processing payment is not prohibited from adding or modifying vendor files; 3) The official responsible for processing payments is also responsible for mailing checks.

Response - It is not economically feasible to add a sufficient number of employees to segregate the disbursement duties.