

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
STONEWALL, LOUISIANA**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2023**

DeSoto Parish Fire Protection District No. 3

Stonewall, Louisiana

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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 – LLC
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

INDEPENDENT AUDITOR’S REPORT

DeSoto Parish Fire Protection District No. 3
5200 Hwy 3276
Stonewall, Louisiana 71078

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the DeSoto Parish Fire Protection District No. 3 (“District”) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the DeSoto Parish Fire Protection District No. 3 as of December 31, 2023, 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.

Basis for Opinions

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*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance 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.

Supplementary 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 accompanying Schedule of Compensation, Benefits, and Other Payments to the Agency Head, Political Subdivision Head, or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer is 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 June 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 June 28, 2024, on the results of our statewide 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 statewide 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, CPA's
Natchitoches, Louisiana

June 28, 2024

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana
December 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the DeSoto Parish Fire Protection District No. 3 (Fire District), we offer the readers of our annual financial report our discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2023. Please read it in conjunction with the Fire District's financial statements, which follow this section.

The Fire District was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the Fire District.

FINANCIAL HIGHLIGHTS

The Fire District experienced an increase in its total net position of \$198,474 or 13.06% during the year. At December 31, 2023, the assets of the Fire District exceeded its liabilities by \$1,718,412.

The unrestricted net position of \$1,285,445 (74.80% of total net position) represents the amount available to be used to meet the Fire District's ongoing obligations to its citizens. The remaining 25.20% of net position (\$432,967) is net investment in capital assets.

The Fire District recognized \$618,046 in ad valorem tax revenue in 2023. This is an increase of \$105,298 or 20.54% from 2022.

The Fire District recognized \$154,200 in assessment fees revenue in 2023. This is an increase of \$5,264 or 3.53% from 2022.

The Fire District's total expenses of \$530,444 (net of \$110,282 of depreciation) in 2023 were an decrease of \$6,501 or 1.21% from \$536,945 in 2022.

OVERVIEW OF FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the basic financial statements which include government-wide financial statements and fund financial statements. These two types of financial statements present the Fire District's financial position and results of operations from differing perspectives, which are described as follows:

Government-Wide Financial Statement

The government-wide financial statements report information about the Fire District as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Fire District's assets and all of its liabilities. All of the Fire District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes, parcel fees and intergovernmental revenues that include fire insurance rebates, state supplemental pay and grants.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Fire District's most significant activities and are not intended to provide information for the Fire District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Fire District's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Fire District's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana
 December 31, 2023

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The Fire District adopts an annual budget for the general fund. A budgetary comparison statement is provided for the general fund to demonstrate budgetary compliance.

Other Supplemental Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF THE FIRE DISTRICT AS A WHOLE

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2023, the Fire District's assets exceed its liabilities by \$1,718,412 (net position).

At December 31, 2023, \$432,967 or 25.20% of the Fire District's net position reflects capital assets with a historical cost of \$2,288,538 less accumulated depreciation of \$1,603,273 with related debt of \$252,298.

Cash decreased \$152,324 (34.27%) from \$444,497 in 2022 to \$292,173 at December 31, 2023. This decrease is the result of the opening 3 CD accounts with a total balance of \$306,080.

Total net accounts receivable increased \$115,421 or 19.78%. From 2022 to December 31, 2023 Net parcel fees receivable increased \$5,362 (4.56%) from \$117,648 to \$123,010 and Ad valorem taxes receivable increased \$110,059 (23.63%) from \$465,852 to \$575,911.

Total liabilities for the Fire District decreased \$38,024 or 12.14% from 2022 primarily due to a payment made on the long-term debt incurred for a new pumper truck purchased in 2022.

A Summary of Statement of Net Position is as follows:

ASSETS	Governmental Activities		
	2023	2022	% Change
Cash and cash equivalents	\$ 292,173	\$ 444,497	-34.27%
Investments	306,080	-	100.00%
Accounts receivable, net (see note 3)	698,921	583,500	19.78%
Prepaid expenses	11,244	9,689	16.05%
Capital assets, net	685,265	795,547	-13.86%
Total assets	<u>1,993,683</u>	<u>1,833,233</u>	<u>8.75%</u>
LIABILITIES			
Current liabilities	22,973	22,731	1.06%
Long-term liabilities	252,298	290,564	-13.17%
Total liabilities	<u>275,271</u>	<u>313,295</u>	<u>-12.14%</u>
NET POSITION			
Net investment in capital assets	432,967	504,983	-14.26%
Unrestricted	1,285,445	1,014,955	26.65%
Total net position	<u>\$ 1,718,412</u>	<u>\$ 1,519,938</u>	<u>13.06%</u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana
 December 31, 2023

The following schedule compares revenues and expenses for the current and previous year. Total revenues increased by 16.97% (\$121,740) since last year. Approximately 73.65% of the Fire District's total revenues come from property taxes and 18.37% from assessment fees. Total expenses increased 1.06% (\$6,703) over the prior year.

A Summary of Statement of Activities is as follows:

	Governmental Activities		
	2023	2022	% Change
Program Revenues:			
Charges for Services-Parcel fees	\$ 154,200	\$ 148,936	3.53%
General Revenues:			
Ad valorem taxes	618,046	512,748	20.54%
Intergovernmental revenues	35,876	36,297	-1.16%
Interest income	7,505	578	1198.44%
Other Revenue	23,573	13,726	71.74%
Gain/(Loss) on sale of property	-	5,175	0.00%
Total revenues	<u>839,200</u>	<u>717,460</u>	<u>16.97%</u>
Expenses			
Public Safety	<u>640,726</u>	<u>634,023</u>	<u>1.06%</u>
Total expenses	<u>640,726</u>	<u>634,023</u>	<u>1.06%</u>
Increases (Decrease) in net position	198,474	83,437	137.87%
Net Position beginning	<u>1,519,938</u>	<u>1,436,501</u>	<u>5.81%</u>
Net Position, ending	<u>\$ 1,718,412</u>	<u>\$ 1,519,938</u>	<u>13.06%</u>

FINANCIAL ANALYSIS OF THE FIRE DISTRICT'S GOVERNMENTAL FUNDS

For the year ended December 31, 2023, differences between the government-wide presentation and the fund financial statements were due to depreciation associated with capital assets, debt service, changes in prepaid expenses, and unavailable revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Fire District adopted a budget for its General Fund for the year ended December 31, 2023. Actual revenues were \$127,185 (18.00%) more than the final budgeted amounts. Actual expenses were less than the budgeted amounts by \$21,870 (3.69%). The budget was not amended during the year. The Fire District is in compliance with the Local Government Budget Act.

DEBT ADMINISTRATION

The Fire District entered into a financed purchase agreement with REV Financial Services LLC for \$327,824 to fund the purchase of one pumper truck during the year ended December 31, 2022. This debt has been reduced by \$75,526 in principal payments made including \$38,266 in the current year. This leaves a balance of \$252,298 due on the long-term debt.

CAPITAL ASSETS

The Fire District did not acquire or dispose of any capital assets during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source for the Fire District is ad valorem property taxes. This tax is not subject to changes in the economy in the short term. However, in the long-term, the ability to sustain this income could affect the Fire District's revenue. The budget for fiscal year 2024 should not change significantly from the fiscal year end 2023 budget.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana
December 31, 2023

CONTACTING THE FIRE DISTRICT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the finances for those funds maintained by the DeSoto Parish Fire Protection District No. 3 and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Greg Baker, Chairman, at P. O. Box 329, Stonewall, Louisiana, 71078 or call at (318) 925-0087.

BASIC FINANCIAL STATEMENTS

STATEMENT A

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

December 31, 2023

	Governmental Funds Financial Statements		Government-wide Statements
	<u>Balance Sheet</u>		<u>Statement of</u>
	General Fund	Adjustments	<u>Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 292,173	\$ -	\$ 292,173
Investments	306,080	-	306,080
Ad valorem tax receivables	575,911	-	575,911
Assessment fee and other receivables	123,010	-	123,010
Prepaid expenses	-	11,244	11,244
Capital assets, net	-	685,265	685,265
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	1,297,174	696,509	1,993,683
LIABILITIES			
Current Liabilities:			
Accounts payable	8,799	-	8,799
Payroll liabilities	14,174	-	14,174
Non-current liabilities:			
Long-term debt due within one year	-	39,299	39,299
Long-term debt	-	212,999	212,999
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	22,973	252,298	275,271
DEFERRED INFLOWS OF RESOURCES			
Unavailable ad valorem taxes	12,935	(12,935)	-
Unavailable assessment fees	8,860	(8,860)	-
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	21,795	(21,795)	-
FUND BALANCE / NET POSITION			
Fund Balance:			
Unassigned	1,252,406	(1,252,406)	-
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	1,252,406	(1,252,406)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ <u>1,297,174</u>	<u>(1,021,903)</u>	<u>-</u>
Net Position:			
Net investment in capital assets		432,967	432,967
Unrestricted		1,285,445	1,285,445
		<hr/>	<hr/>
TOTAL NET POSITION		\$ <u>-</u>	\$ <u>1,718,412</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

STATEMENT B

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

December 31, 2023

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

Fund Balance - Governmental Fund	\$	1,252,406
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current fiscal year		11,244
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds		685,265
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are reflected as income in the Government-wide statement		
Deferred ad valorem taxes		12,935
Deferred assessment fees		8,860
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore, are not reported in the governmental funds.		(252,298)
Net Position of Governmental Activities	\$	1,718,412

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

STATEMENT C

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

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

For the year ended December 31, 2023

	Governmental Funds Financial Statements		Government-wide Statements
	Statement of Revenues		Statement of
	Expenditures, and		Activities
	Changes in Fund Balance	Adjustments	Statement of
EXPENDITURES/EXPENSES	General Fund		Activities
Public Safety-Fire			
Personnel and related benefits	\$ 341,306	\$ -	\$ 341,306
Materials and supplies	153,634	(1,555)	152,079
General and administrative	29,214	-	29,214
Debt service:			
Principal	38,266	(38,266)	-
Interest	7,845	-	7,845
Depreciation	-	110,282	110,282
TOTAL EXPENDITURES/EXPENSES	570,265	70,461	640,726
PROGRAM REVENUES			
Charges for services	152,288	1,912	154,200
TOTAL PROGRAM REVENUES	152,288	1,912	154,200
NET PROGRAM EXPENSE	(417,977)	(68,549)	(486,526)
GENERAL REVENUES			
Ad valorem taxes	614,341	3,705	618,046
Interest earnings	7,505	-	7,505
Fire insurance rebate	20,876	-	20,876
State supplemental pay	15,000	-	15,000
Other income	23,573	-	23,573
TOTAL GENERAL REVENUES	681,295	3,705	685,000
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	263,318	(64,844)	198,474
FUND BALANCE / NET POSITION			
Beginning of the year	989,088		1,519,938
End of the year	\$ 1,252,406		\$ 1,718,412

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the year ended December 31, 2023

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

Net Change in Fund Balances, Governmental Funds	\$ 263,318
Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable to current periods are recognized.	1,555
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
The amount by which depreciation (\$110,282) exceeded capital outlays (\$0) in the current period.	(110,282)
The issuance of long-term debt provides current financial resources to government funds while the repayment of principal of long-term debt consumes financial resources.	
Principal payments	38,266
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds.	
Change in deferred ad valorem taxes	3,705
Change in deferred assessment fees	<u>1,912</u>
Change in Net Position of Governmental Activities	<u><u>\$ 198,474</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

INTRODUCTION

DeSoto Parish Fire Protection District No. 3 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on July 22, 1987. The Fire District is governed by a five-member board appointed in accordance to LRS 40:1496 as follows: two members by the Police Jury, two members by the Town of Stonewall, and one, the chairman, by the other four members. The Fire District is responsible for maintaining and operating five fire stations and related equipment, and providing fire protection and rescue services to approximately 7,000 residents and taxpayers in the Northwestern part of the parish. The Fire District is staffed by a full time Chief and Deputy Chief and around 20 volunteers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Fire Protection District No. 3 have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*. The more significant accounting policies established by GAAP and used by the DeSoto Parish Fire Protection District No. 3 are discussed below.

A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the governmental reporting entity and which component units should be included within the reporting entity. Under provisions of this Statement, the DeSoto Parish Fire Protection District No. 3 was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the Fire District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. BASIS OF PRESENTATION

The DeSoto Parish Fire Protection District No. 3's financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

Fund Financial Statements

The accounts of the Fire District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses and balances of

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**B. BASIS OF PRESENTATION (continued)**

current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. A fund is considered major if it is the primary operating fund of the entity. The one fund of the Fire District is classified as a major governmental fund and is described below:

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

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, transfers, assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. The statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source, and expenditures are classified by function and character. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Ad valorem (property) taxes and property assessments are recognized in the year in which the taxes are assessed or billed. Ad valorem taxes and parcel fees are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Intergovernmental revenues are recognized when the Fire District is entitled to funds. Interest income on time and demand deposits are recorded monthly when the interest is earned and credited to the account.

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING (continued)**

Expenditures. Salaries are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

D. ASSETS, LIABILITIES AND EQUITY**Cash and Investments**

For purposes of the Statement of Net Position, cash includes all demand accounts, and interest bearing savings accounts of the Fire District. Investments consist of certificates of deposit with an original maturity of three months or more. Under state law, the Fire District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Fire District may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements.

Accounts Receivable

Receivables for the governmental activities include ad valorem taxes and assessment fees. These receivables are considered fully collectible and, thus, no allowance for uncollectibles is utilized.

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 Fire District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Buildings	40 years
Firefighting equipment	5-10 years
Fire trucks	15 years
Office equipment	3 years

Unavailable ad valorem taxes and parcel fees

The Fire District recognizes property tax and parcel fee revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes and parcel fees as of December 31, 2023, are recorded as a receivable. Those net property taxes and parcel fees receivable which were not collected within 60 days immediately following December 31, 2023, are recorded as unavailable tax revenue.

Equity Classifications

Net Position. The Fire District classifies net position in the government-wide financial statements, as follows:

- Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**D. ASSETS, LIABILITIES AND EQUITY (continued)**

- Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Fire District's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the Fire District.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Fire District's policy is to first apply the expense toward restricted resources and then toward the unrestricted resources.

Fund Balances. In accordance with GASB 54, the Fire District classifies fund balances in governmental funds as follows:

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

The Fire District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

The General Fund, the Fire District's only governmental fund, has an unassigned fund balance of \$989,088.

E. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH AND INVESTMENTS*Cash:*

At December 31, 2023, the Fire District has cash balances totaling \$292,173 (book balance). Cash consists of only interest bearing demand deposits.

Investments:

At December 31, 2023, the Fire District has investment balances totaling \$306,080 (book balance). Investments consists of only certificates of deposit (CD's) with maturities of one year or less.

The CD's are stated at cost, which approximates fair value.

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

2. CASH AND INVESTMENTS (continued)

The cash and investments of the Fire District 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 government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal 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 Fire 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 Fire District's name.

At December 31, 2023, the Fire District had \$604,968 in deposits (collected bank balances). These deposits were secured from risk by \$347,796 of federal deposit insurance and \$257,172 in pledged securities with a market value of \$1,112,675.

3. CAPITAL ASSETS

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

Governmental Activities	Balance 1/1/2023	Additions	Deletions	Balance 12/31/2023
Capital assets not being depreciated:				
Land	\$ 11,450	\$ -	\$ -	\$ 11,450
Capital assets being depreciated:				
Vehicles	1,774,559	-	-	1,774,559
Buildings	229,820	-	-	229,820
Firefighting equipment	260,899	-	-	260,899
Office equipment	11,810	-	-	11,810
Total assets being depreciated	<u>2,277,088</u>	<u>-</u>	<u>-</u>	<u>2,277,088</u>
Less Accumulated Depreciation				
Vehicles	1,059,974	99,080	-	1,159,054
Buildings	170,082	9,134	-	179,216
Firefighting equipment	251,125	2,068	-	253,193
Office equipment	11,810	-	-	11,810
Total	<u>1,492,991</u>	<u>110,282</u>	<u>-</u>	<u>1,603,273</u>
Capital Assets, Net	<u>\$ 795,547</u>	<u>\$ (110,282)</u>	<u>\$ -</u>	<u>\$ 685,265</u>

Depreciation expense of \$110,282 was charged to the public safety function.

4. LEVIED TAXES

Ad Valorem Taxes

The Fire District levies taxes on real and business property located within the boundaries of the Fire District. Property taxes are levied by the Fire District on property values assessed by the DeSoto Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The DeSoto Parish Sheriff's office bills and collects property taxes for the Fire District. Collections are remitted to the Fire District monthly. The Fire District recognizes property tax revenues when levied. The property tax calendar is as follows:

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

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

4. LEVIED TAXES (continued)

The Fire District has authorized 10.00 and levied 9.82 ad valorem millage for 2023. The resolution assessing the taxes was approved by the district voters November 21, 2015, effective January, 2016, and expires in the year 2025. The assessment is to cover the cost of fire protection equipment, the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes.

Ad valorem taxes are recorded in the year the taxes are assessed. The taxes are normally collected in December of the current year and January and February of the ensuing year. Total assessed value in the Fire District was \$79,585,542 in 2023. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$16,648,138 in 2023. Total ad valorem tax revenues recognized in 2023 by the Fire District was \$618,046.

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

	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	AD VALOREM TAX REVENUE TO DISTRICT
Chesapeake Operating, Inc	Oil & Gas	\$ 11,124,976	17.68%	\$ 109,270
SWN Production (Louisiana)	Oil & Gas	6,473,904	10.29%	63,597
Magnolia Midstream Gas Services	Oil & Gas	2,224,696	3.53%	21,817
Stonewall Auto Ventures	Auto Dealer	1,002,222	1.59%	9,827
Marketplace Chevrolet/Buick	Auto Dealer	665,937	1.06%	6,551
MAW Real Estate, LLC	Real Estate	610,197	0.97%	5,995
Allegiance Crane & Equipment	Industrial	578,371	0.92%	5,686
Comstock Oil & Gas	Oil & Gas	551,890	0.88%	5,439
Exco Operating Company	Oil & Gas	523,058	0.83%	5,130
Centerpoint Energy	Oil & Gas	401,457	0.64%	3,955
Total		<u>\$ 24,156,708</u>	<u>38.39%</u>	<u>\$ 237,267</u>

Parcel fees

As per Louisiana RS 40:1502, the Fire District annually levies a service charge of \$50 to persons owning assessed property located within its boundaries. The resolution assessing the service charges was reapproved by the district voters October 14, 2017, to continue for ten years through December, 2028. The assessment is to cover the cost of fire protection equipment, the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes. On October 14, 2017, the voters of the Fire District approved Louisiana RS 40:1502.16. This statute states assessment fees are to be charged on all residential or commercial structures, whether occupied or unoccupied located in the district and will be billed and collected through the DeSoto Parish Sheriff's office in October of each year when property tax assessments are billed. Due dates and dates of penalties assessed will also follow the property tax calendar dates. The Fire District assessed \$154,200 in service charges in 2023, and recognized \$154,200 in revenue.

5. RETIREMENT COMMITMENTS

All employees of the DeSoto Parish Fire Protection District No. 3 are members of the Federal Social Security System. The Fire District and its employees contribute a percentage of each employee's salary to the System (6.2% by the employee). The Fire District's contribution during the year ended December 31, 2023, amounts to \$19,597.

6. COOPERATIVE ENDEAVOR AGREEMENTS

During 2019 DeSoto Parish Fire Protection District No. 3 along with 5 other Parish Fire Districts entered into a Cooperative Endeavor Agreement with the DeSoto Parish Sheriff's Office. The Sheriff's Office will provide the Fire Districts with adequate dispatching services for the annual sum of \$275,000 (payable in four quarterly payments) to be paid proportionally by each of the Fire Districts based on 2018 millage revenues. The total portion of Fire District 3 is \$16,835 (\$4,208.75 due quarterly). The DeSoto Sheriff agreed to hire 4 full time employees to provide the dispatching services and to employ a communications supervisor for those employees dispatching for the Fire Districts.

Stonewall, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

7. LEASE AGREEMENTS

DeSoto Parish Fire Protection District No. 3 has the following lease agreements:

- 40-year lease commencing April 1, 1990, with North DeSoto Water System to provide water to the Fire District. Annual payment due of \$1.
- 25-year lease commencing April 1, 1990, with Town of Stonewall to lease the land at 5200 Hwy 3276 on which Central Station is located. Annual payment due of \$1.
- 99-year lease (or as long as the Fire District exists) commencing October 1, 1990, with J. U. Burford to lease the land at 2426 Hwy. 171 for Station 2. Annual payment due of \$1.

8. LONG-TERM DEBT

On June 16, 2021 the Board of Commissioners of the Fire District approved an eight-year Financed Purchase Agreement dated June 22, 2021 with REV Financial Services , LLC, for the purchase of one new tanker truck delivered in 2022. The principal amount is \$327,824 with an interest rate of 2.40%. The agreement calls for annual payments of \$46,111.

The following is a summary of long-term debt transactions for the year ended December 31, 2022:

Long-term debt payable at December 31, 2022	\$ 290,564
New debt issued	-
Less payments made during year	<u>(38,266)</u>
Long-term debt payable as December 31, 2023	<u><u>\$ 252,298</u></u>
 Amount of long-term debt due within one year	 \$ 39,299

The future minimum debt payments and interest required under the above referenced Financed Purchase Agreement:

<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	39,299	6,812	46,111
2025	40,361	5,751	46,112
2026	41,450	4,661	46,111
2027	42,569	3,542	46,111
2028-2029	<u>88,619</u>	<u>3,605</u>	<u>92,224</u>
	<u><u>\$ 252,298</u></u>	<u><u>\$ 24,371</u></u>	<u><u>\$ 276,669</u></u>

9. RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of assets and errors and omissions. To handle some of the risk, the Fire District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2023.

10. LITIGATION

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

11. COMPENSATION PAID TO BOARD MEMBERS

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

12 SUBSEQUENT EVENTS

Management has performed an evaluation of the Fire District's activities through June 28, 2024, and has concluded that there were two significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended December 31, 2023

	Budgeted Amounts			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues				
Service charge parcel fees	\$ 150,950	\$ 150,950	\$ 152,288	\$ 1,338
Ad valorem taxes	512,748	512,748	614,341	101,593
Intergovernmental revenue- state funds				
Fire insurance rebate	20,000	20,000	20,876	876
State Supplemental Pay	12,000	12,000	15,000	3,000
Other revenues	10,100	10,100	23,573	13,473
Interest income	600	600	7,505	6,905
Total Revenues	<u>706,398</u>	<u>706,398</u>	<u>833,583</u>	<u>127,185</u>
Expenditures				
Current:				
Public safety-fire				
Personal and related benefits	336,000	336,000	341,306	(5,306)
Materials and supplies	186,324	186,324	153,634	32,690
General and administrative	23,700	23,700	29,214	(5,514)
Debt service:				
Principal	38,266	38,266	38,266	-
Interest	7,845	7,845	7,845	-
Total Expenditures	<u>592,135</u>	<u>592,135</u>	<u>570,265</u>	<u>21,870</u>
Net Change in Fund Balance	114,263	114,263	263,318	149,055
Fund balances, beginning of year	<u>989,088</u>	<u>989,088</u>	<u>989,088</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,103,351</u>	<u>\$ 1,103,351</u>	<u>\$ 1,252,406</u>	<u>\$ 149,055</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

SCHEDULE 2

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3
Stonewall, Louisiana**

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

For the year ended December 31, 2023

	David Jenkins	
	<u>Fire Chief</u>	
Salary	\$	60,320
State Supplemental Pay		7,500
Benefits-insurance (Medicare)		983
Benefits- retirement (Social Security)		4,205
Benefits - other		-
Auto use		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Dues		-
Unvouchered expenses		-
Special meals		-

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

OTHER REPORTS/SCHEDULES

DeSoto Parish Fire Protection District No. 3
Schedule of Audit Results
Year Ended December 31, 2023

I. Summary of Audit Results

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Fire Protection District No. 3 as of and for the year ended December 31, 2023.
2. The audit did not disclose any material weaknesses in the internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None identified.

III. PRIOR YEAR AUDIT FINDINGS

None identified.

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 – LLC
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

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

DeSoto Parish Fire Protection District No. 3
5200 Hwy 3276
Stonewall, Louisiana 71078

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 of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Fire Protection District No. 3’s (District) basic financial statements and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, 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

June 28, 2024

T | C | B | T
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Fax (318) 352-4447
www.tcbtcpa.com

**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES**

To the DeSoto Parish Fire Protection District No. 3 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The DeSoto Parish Fire Protection District No. 3’s (District) management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the operations:
 - ***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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or custodial fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, custodial fund forfeiture monies confirmation.)

- ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- ***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, purchase 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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to 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.
- ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedure Results: No exceptions were noted as a result of these procedures.

Board or Finance Committee

2. We obtained and inspected the board/finance 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, quarterly budget-to-actual comparisons on all proprietary funds, and semi-annual budget-to-actual comparisons on all special revenue funds.
 - Obtained the prior year audit report and observed the unassigned fund balance in the General Fund. If the General Fund had a negative ending unrestricted net position 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 unassigned fund balance in the General Fund.

- Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedure Results: No exceptions were noted as a result of these procedures.

Bank Reconciliations

3. We obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, 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 included written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within one month of the date the reconciliation was prepared (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.

Procedure Results: No exceptions were noted as a result of these procedures.

Collections (excluding electronic funds transfers)

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
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 (if no written policies or procedures, then inquired of employees about their 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 also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - Each employee responsible for collecting cash is not also 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 custodial fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed that the bond or insurance policy for theft was in force during the fiscal period.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). 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 and the cash is stored securely in a locked safe or drawer).
 - We traced the actual deposit per the bank statement to the general ledger.

Procedure Results: No exceptions were noted as a result of these procedures.

Non-Payroll Disbursements (excluding card purchases, 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 (or all locations if less than 5).
9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquired 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 or 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.
 - Only employees/officials authorized to sign checks approved the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some electronic means.

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, whether paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - We observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. Using the entity's main operating account and the month selected in procedure #3 under Bank Reconciliations, we randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. If no electronic payments were made from the main operating account during the month selected, we selected an alternative month and/or account for testing that does include electronic disbursements.

Procedure Results: No exceptions were noted as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
13. 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 selected 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 (or electronically approved), by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.
14. 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 (a) an original itemized receipt that identified precisely what was purchased, (b) written documentation of the business/public purpose, and (c) documentation of the individuals participating in meals (for meal charges only). For missing receipts, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedure Results: No exceptions were noted as a result of these procedures.

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

15. 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 5 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 5 reimbursements selected:

- If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration (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 (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1, 8th bullet).
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure Results: No exceptions were noted as a result of these procedures.

Contracts

16. We obtained from management a listing of all agreements/contracts (or active vendor list) 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 5) from the listing, excluding our contract, 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 whether 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 and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the document approval).
- 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.

Procedure Results: No exceptions were noted as a result of these procedures.

Payroll and Personnel

17. 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 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
18. We randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, we obtained attendance records and leave documentation for the pay period, and:
- We observed that all selected employees or 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 or officials.
 - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - We observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found with the personnel file.
19. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. If applicable, we agreed the hours to the employee's or official's cumulative leave records, and the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and the termination payment to entity policy.
20. We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedure Results: No exceptions were noted as a result of these procedures.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:
- We observed whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - We observed that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. We inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedure Results: No exceptions were noted as a result of these procedures.

Debt Service

23. We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. We selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedure Results: No exceptions were noted as a result of these procedures.

Fraud Notice

25. 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(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. 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.

Procedure Results: No exceptions were noted as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

27. We performed the following procedures:
- We obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - We obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - We obtained a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. We randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19, and observed evidence that the selected terminated employees have been removed or disabled from the network.

29. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, we obtained cybersecurity training documentation from management, and observed that the documentation demonstrates that the selected employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020, completed the training.
- Hired on or after June 9, 2020, completed the training within 30 days of initial service or employment.

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

Prevention of Sexual Harassment

30. We randomly selected the employees/officials from procedure #17 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

31. We observed that the entity has posted its sexual harassment policy and complaint procedures on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

32. We obtained the entity’s annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that it includes the applicable requirements of R.S. 42:344:

- Number and percentage of public servants in the agency who have completed the training requirements;
- Number of sexual harassment complaints received by the agency;
- Number of complaints which resulted in a finding that sexual harassment occurred;
- Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- Amount of time it took to resolve each complaint.

Procedure Results: No exceptions were noted as a result of these procedures.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

June 28, 2024