

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Financial Report
Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Ward Five Fire Protection District
Evangeline Parish, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Ward Five Fire Protection District (District), 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

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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 budgetary comparison information (page 23-24) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 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 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
April 8, 2020

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Ward Five Fire Protection District
Evangeline Parish, Louisiana

Statement of Net Position
December 31, 2019

ASSETS	
Cash and interest-bearing deposits	\$ 306,927
Receivables	486,186
Capital assets, net	<u>1,970,484</u>
Total assets	<u>2,763,597</u>
LIABILITIES	
Accrued liabilities	2,286
Long-term liabilities:	
Portion due within one year -	
Capital lease payable	52,397
Portion due after one year -	
Capital lease payable	<u>497,840</u>
Total liabilities	<u>552,523</u>
NET POSITION	
Net investment in capital assets	1,420,248
Unrestricted	<u>790,826</u>
Total net position	<u>\$2,211,074</u>

The accompanying notes are an integral part of the basic financial statements.

Ward Five Fire Protection District
Evangeline Parish, Louisiana

Statement of Activities
Year Ended December 31, 2019

Activities	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental activities:			
Public safety	\$ 422,062	\$ 6,426	\$ (415,636)
Interest on long-term debt	21,850	-	(21,850)
	\$ 443,912	\$ 6,426	(437,486)
General revenues:			
			481,080
			17,317
			10,958
			14,633
			408
		Total general revenues	524,396
		Change in net position	86,910
		Net position - January 1, 2019	2,124,164
		Net position - December 31, 2019	\$2,211,074

The accompanying notes are an integral part of the basic financial statements

FUND FINANCIAL STATEMENTS (FFS)

Ward Five Fire Protection District
Evangeline Parish, Louisiana

Balance Sheet
Governmental Fund - General Fund
December 31, 2019

ASSETS	
Cash and interest-bearing deposits	\$ 306,927
Receivables	<u>486,186</u>
Total assets	<u>\$ 793,113</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities:	
Accrued liabilities	\$ 2,286
Deferred inflows of resources:	
Unavailable revenue - property taxes	28,485
Fund balance:	
Unassigned	<u>762,342</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 793,113</u>

The accompanying notes are an integral part of the basic financial statements.

Ward Five Fire Protection District
Evangeline Parish, Louisiana

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		\$ 762,342
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 34,000	
Buildings and improvements, net of \$257,625 accumulated depreciation	299,517	
Trucks, net of \$597,819 accumulated depreciation	1,458,097	
Equipment, net of \$238,699 accumulated depreciation	<u>178,870</u>	1,970,484
Accrued revenues that do not meet the recognition criteria under the modified accrual basis of accounting are not recorded in the governmental funds.		28,485
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:		
Capital lease payable		<u>(550,237)</u>
Net position at December 31, 2019		<u>\$2,211,074</u>

The accompanying notes are an integral part of the basic financial statements.

Ward Five Fire Protection District
Evangeline Parish, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund - General Fund
Year Ended December 31, 2019

Revenues:	
Ad valorem tax	\$ 464,140
State revenue sharing	5,772
Fire insurance rebate	10,958
Miscellaneous income	6,834
Dividend and interest income	<u>14,633</u>
Total revenues	<u>502,337</u>
Expenditures:	
Current -	
Advertising	1,420
Board fees	3,850
Dues	778
Election expense	300
Fuel	8,583
Insurance	43,088
Miscellaneous	2,609
Office	24,238
Outside services	6,432
Payroll and related benefits	85,151
Pension expense	15,417
Professional fees	12,400
Repairs and maintenance	28,804
Supplies	5,909
Training	5,149
Utilities	7,655
Capital outlay	600,228
Debt service -	
Principal retirement	51,517
Interest and fiscal charges	<u>21,850</u>
Total expenditures	925,378
Net change in fund balance	(423,041)
Fund balance, beginning	<u>1,185,383</u>
Fund balance, ending	<u>\$ 762,342</u>

The accompanying notes are an integral part of the basic financial statements.

Ward Five Fire Protection District
Evangeline Parish, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
Year Ended December 31, 2019

Total net change in fund balance for the year ended December 31, 2019 per the statement of revenues, expenditures and changes in fund balance			\$ (423,041)
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital purchases which are considered expenditures on the statement of revenues, expenditures and changes in fund balance		\$ 580,939	
Depreciation expense		<u>(150,990)</u>	429,949
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
Change in unavailable revenues			28,485
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
Capital lease principal payments			<u>51,517</u>
Change in net position for the year ended December 31, 2019 per the statement of activities			<u>\$ 86,910</u>

The accompanying notes are an integral part of the basic financial statements.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Ward Five Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Ward Five Fire Protection District was created by and in accordance with provisions of Part I, Chapter 7, Title 40, of the Louisiana Revised Statutes of 1950 for the purpose of fire protection in its designated Evangeline Parish area. This report includes all funds and activities that are controlled by the District as an independent political subdivision of the State of Louisiana. There are no component units required to be reported in conformity with generally accepted accounting principles. The Board of Commissioners is solely responsible for the operations which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds.

The District employs eight part-time fire fighters. All other firemen are volunteers. The board members are appointed as follows: two appointed by the police jury, two appointed by the Village of Turkey Creek, and those four appoint the last board member who will serve as the chairman of the board.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include the only fund of the reporting entity, which is considered to be a governmental activity.

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 and, therefore, are clearly identifiable to a particular 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 (FFS)

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

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

The fund of the District is classified 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 or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the District is described below:

Governmental Fund – General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the District and is used to account for the operations of the District's office. The various fees and charges due to the District's office are accounted for in this fund. General operating expenditures are paid from this fund.

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” transactions are recorded regardless of the measurement focus applied.

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 noncurrent) 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. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

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 outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Program Revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows 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 deposits of the District. Under state law, the District may invest in United States bonds, treasury notes, or certificates.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019 are recorded as prepaid items.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes and state revenue sharing. Uncollectible ad valorem taxes are recognized as bad debts through the establishment of an allowance account. The allowance for December 31, 2019 was immaterial; therefore, no allowance is recorded.

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 acquisition value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs 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:

Furniture, fixtures and equipment	5-15 years
Buildings and improvements	10-40 years

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

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Since the District doesn't have a proprietary fund, all long-term debt is used in governmental fund operations.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The District's long-term debt consists of a capital lease.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. Ad valorem taxes and state revenue sharing for the governmental fund which have not been remitted within 60 days subsequent to year end are considered deferred inflows of resources.

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 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.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consist of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the District’s Board, which is the highest level of decision-making authority for the District.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District’s adopted policy, only the District board may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

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 the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2019, the District has cash and interest-bearing deposits (book balances) totaling \$306,927.

NOW account	\$ 45,354
Savings deposits	<u>261,573</u>
Total	<u>\$ 306,927</u>

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside will not be recovered. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, bank balances were secured as follows:

Bank balances	<u>\$ 311,670</u>
Federal deposit insurance	\$ 250,000
Pledged securities	<u>61,670</u>
Total	<u>\$ 311,670</u>

Deposits in the amount of \$61,670 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the District's name. The District does not have a policy for custodial credit risk.

(3) Capital Assets

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

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Land	\$ 34,000	\$ -	\$ -	\$ 34,000
Construction in progress - trucks	327,288	-	327,288	-
Buildings and improvements	557,142	-	-	557,142
Trucks	1,308,285	902,631	155,000	2,055,916
Equipment	411,973	5,596	-	417,569
Totals	2,638,688	908,227	482,288	3,064,627
Accumulated depreciation	1,098,153	150,990	155,000	1,094,143
Net capital assets	<u>\$ 1,540,535</u>	<u>\$ 757,237</u>	<u>\$ 327,288</u>	<u>\$ 1,970,484</u>

Depreciation expense of \$150,990 was charged to the public safety function.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. Taxes are levied in September or October and billed to the taxpayers in December. Billed taxes become delinquent on January 1st of the following year. The taxes are collected and remitted to the District by the Evangeline Parish Tax Collector's office.

For the year ended December 31, 2019, taxes of 11.51 mills were levied on property with assessed valuations totaling \$42,098,431. Total taxes levied in 2019 were \$484,555. Taxes receivable at December 31, 2019 were \$486,186.

(5) Changes in Long-Term Liabilities

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

	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Capital leases	\$ 601,754	\$ -	\$ 51,517	\$ 550,237	\$ 52,397

Capital lease payable at December 31, 2019 is comprised of the following:

	<u>Original</u> <u>Amount</u>	<u>Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Outstanding</u>
Fire equipment	\$ 601,754	03/20/18	3.811%	\$ 550,237

The District is obligated under one capital lease for two fire trucks. The leased assets were recorded in capital assets at a cost of \$601,754, with accumulated depreciation at December 31, 2019 in the amount of \$20,058. The following is a schedule of future minimum lease payments under the lease and the present value of the net minimum lease payments at December 31, 2019.

<u>Fiscal Year</u>	
2020	\$ 73,367
2021	73,367
2022	73,367
2023	73,367
2024	73,367
2025-2028	<u>293,468</u>
Total minimum lease payments	660,303
Less amount representing interest	<u>(110,066)</u>
Present value of minimum lease payments	<u>\$ 550,237</u>

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

(6) Board Members' Compensation

The following is a summary of per diem paid to board members during the year ending December 31, 2019:

Ferdie Fontenot	\$ 500
Travis Basco	650
Bennie Helmer	550
Terry Moreau	450
Lance Chauvin	500
Oleta Poole	600
Fred Fontenot	600
	\$ 3,850

(7) Compensation, Benefits, and Other Payments to Fire Chief

A detail of compensation, benefits, and other payments paid to the Fire Chief, Bobby Guilbeau, for the year ended December 31, 2019 follows:

Purpose	Amount
Salary and payroll tax	\$ 22,456
Cell phone	1,650
Reimbursements	5,437
Dues	479
Conference registration	3,177
	\$ 33,199

(8) Risk Management

The District is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to Basic Financial Statements (Continued)

(9) Tax Abatements

The Industrial Ad Valorem Tax Exemption Program (ITEP) provided through the Louisiana Department of Economic Development, (authorized pursuant to Article VII, Part II, Section 21(F) of the Louisiana Constitution of 1974) authorizes the abatement of ad valorem taxes for a period of up to ten years on capital improvements and equipment related to manufacturing. The District abated ad valorem taxes from entities in the parish through the ITEP in the amount of \$22,963 for the year ended December 31, 2019.

(10) Litigation

There is no litigation pending against the District at December 31, 2019.

**REQUIRED
SUPPLEMENTARY INFORMATION**

Ward Five Fire Protection District
Evangeline Parish, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Ad valorem tax	\$ 430,000	\$ 416,536	\$ 464,140	\$ 47,604
State revenue sharing	6,000	12,453	5,772	(6,681)
Fire insurance rebate	10,000	10,958	10,958	-
Local grant	108,300	-	-	-
Miscellaneous income	-	8,871	6,834	(2,037)
Dividend and interest income	200	17,916	14,633	(3,283)
Total revenues	<u>554,500</u>	<u>466,734</u>	<u>502,337</u>	<u>35,603</u>
Expenditures:				
Current -				
Advertising	2,600	1,500	1,420	80
Board fees	5,000	4,150	3,850	300
Dues	2,424	749	778	(29)
Election expense	350	450	300	150
Fuel	9,000	9,557	8,583	974
Insurance	45,946	45,013	43,088	1,925
Miscellaneous	2,000	3,117	2,609	508
Office expense	17,100	22,248	24,238	(1,990)
Outside services	8,000	6,432	6,432	-
Payroll and related benefits	122,468	89,631	85,151	4,480
Pension expense	15,700	31,400	15,417	15,983
Professional fees	15,000	12,600	12,400	200
Repairs and maintenance	58,000	28,988	28,804	184
Supplies	8,500	5,909	5,909	-
Training	5,000	5,187	5,149	38
Utilities	13,000	8,560	7,655	905
Capital outlay	279,967	601,485	600,228	1,257
Debt service -				
Principal retirement	-	51,517	51,517	-
Interest and fiscal charges	-	21,850	21,850	-
Total expenditures	<u>610,055</u>	<u>950,343</u>	<u>925,378</u>	<u>24,965</u>
Net change in fund balance	(55,555)	(483,609)	(423,041)	60,568
Fund balance, beginning	<u>1,185,383</u>	<u>1,185,383</u>	<u>1,185,383</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,129,828</u>	<u>\$ 701,774</u>	<u>\$ 762,342</u>	<u>\$ 60,568</u>

The accompanying notes are an integral part of this schedule.

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Notes to the Required Supplementary Information
Year Ended December 31, 2019

Budgets and Budgetary Accounting

The Ward Five Fire Protection District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Chief prepares a proposed budget and submits it to the District Board for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Ward Five Fire Protection District.

INTERNAL CONTROL AND COMPLIANCE

KOLDER, SLAVEN & COMPANY, LLC

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

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* A Professional Accounting Corporation

To the Board of Directors
Ward Five Fire Protection District
Evangeline Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Ward Five Fire Protection District (District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 8, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of current and prior year audit findings and management's corrective action plan, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-001 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 grants 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing* and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-003.

Ward Five Fire Protection District's Response to Findings

The Ward Five Fire Protection District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
April 8, 2020

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
Year Ended December 31, 2019

Part I. Current Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2019-001 Segregation of Duties

Fiscal Year Finding Initially Occurred: 2014

CONDITION: The District does not have an adequate segregation of functions within the accounting system.

CRITERIA: Segregation of accounting duties is imperative to promote a strong internal control structure and proper monitoring.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: We recommend that the District properly segregate duties.

MANAGEMENT RESPONSE: Due to the size of the operation and cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of accounting duties.

2019-002 Financial Reporting

Fiscal Year Finding Initially Occurred: 2011

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: Proper preparation of financial statements is imperative for management to monitor financial results.

CAUSE: The condition resulted because personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

MANAGEMENT RESPONSE: The financial reporting process will continue to be outsourced to the District's external auditors due to the increased costs necessary to correct the condition.

(continued)

WARD FIVE FIRE PROTECTION DISTRICT
Evangeline Parish, Louisiana

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
Year Ended December 31, 2019 (Continued)

B. Compliance

2019-003 Compensation of Board Members

Fiscal Year Finding Initially Occurred: 2019

CONDITION: The governing board members of the Ward Five Fire Protection District were paid fifty dollars per month which is not the amount allowed by statute.

CRITERIA: LRS 40:1498 states that members of the governing boards of fire protection districts may be paid a per diem of thirty dollars for attending meetings of the board, not to exceed two meetings in any one calendar month.

CAUSE: The District did not follow the per diem criteria as outlined in LRS 40:1498.

EFFECT: Board members could be paid in excess of the amount allowed by statute.

RECOMMENDATION: We recommend board members be compensated thirty dollars per month in accordance with LRS 40:1498.

MANAGEMENT RESPONSE: We will pay board members the per diem allowed as per LRS 40:1498.

Part II. Prior Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control

2018-001 Segregation of Duties

CONDITION: The District does not have an adequate segregation of functions within the accounting system.

CURRENT STATUS: Unresolved. See finding 2019-001.

2018-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CURRENT STATUS: Unresolved. See finding 2019-002.

B. Compliance

There were no compliance findings.

**Ward Five Fire Protection District
Ville Platte, Louisiana**

**Statewide Agreed-Upon Procedures Report
Year Ended December 31, 2019**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Management of the Ward Five Fire Protection District

We have performed the procedures enumerated below, which were agreed to by Ward Five Fire Protection 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's management 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 described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **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.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **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).
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) **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.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - k) **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.
- No exceptions were noted in a-j. Disaster Recovery/Business Continuity policy was not adequate.*

Collections

- 2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 3. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) 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.
 - c) 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.
 - d) 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.

4. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

#3 through #4: No cash is collected by the fire district. No reconciliations are necessary. Checks received in the mail are deposited and recorded by the bookkeeper. The bookkeeper is bonded.

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
No receipts are necessary. No cash collected.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No receipts necessary. No cash collected.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions were noted.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
No exceptions were noted.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions were noted.

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

6. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
7. For each location selected under #6 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions were noted.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions were noted.
 - c) 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.
The person responsible for processing payments can add/modify vendor files.
 - d) 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.
The person responsible for processing payments also mails the payments.

8. For each location selected under #6 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
No exceptions were noted.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.
No exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

9. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
10. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
No exceptions were noted.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
No exceptions were noted.
11. Using the monthly statements or combined statements selected under #10 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

This step was not applicable. All cards were fuel cards.

Ethics

12. Randomly select five employees/officials, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
No exceptions were noted.
 - b. Observe 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.
No documentation was available.

Management's Response

Management of the Ward Five Fire Protection District concurs with the exceptions and are working to address the deficiencies identified.

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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
April 8, 2020