

**DESOTO PARISH FIRE PROTECTION  
DISTRICT NO. 1  
Logansport, Louisiana**

**FINANCIAL REPORT  
December 31, 2021**

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

Financial Report  
December 31, 2021

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## Independent Auditor's Report

To the Board of Commissioners  
DeSoto Parish Fire Protection District No. 1  
Logansport, Louisiana

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the DeSoto Parish Fire Protection District No. 1, a component unit of the DeSoto Parish Government, as of and for the year ended December 31, 2021, 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 the general fund of the DeSoto Parish Fire Protection District No. 1, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. 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 relating 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; 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.

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 statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility 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 opinions. 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 for 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 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, listed as required supplementary information (Part I) in the table of contents and the Budgetary Comparison Schedule (on Page 31), 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.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the DeSoto Parish Fire Protection District No. 1's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, Schedule of Proportionate Share of Net Pension Liability, and Schedule of Employer's Contributions are presented for purposes of additional analysis and are not required parts of the basic financial statements.

Such information is the responsibility of management and were 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 information 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 August 19, 2022, on our consideration of the DeSoto Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the DeSoto Parish Fire Protection District No. 1'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 August 19, 2022, on the results of our state-wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state-wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Dees Gardner, Certified Public Accountants, LLC*

Mansfield, Louisiana  
August 19, 2022

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

December 31, 2021

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

As management of the DeSoto Parish Fire Protection District No. 1 (Fire District), we offer the readers of the Fire District’s financial statements this narrative overview and analysis of the financial activities of DeSoto Parish Fire Protection District No. 1 as of and for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Fire District’s basic financial statements and supplementary information provided in the report in assessing the efficiency and effectiveness of our stewardship of public resources.

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 DeSoto Parish Fire Protection District No. 1.

**FINANCIAL HIGHLIGHTS**

DeSoto Parish Fire Protection District No. 1 experienced an increase in its total net position of \$300,740 or 17.50% during the year. At December 31, 2021, the assets of the Fire District exceeded its liabilities by \$2,019,037.

DeSoto Parish Fire Protection District No. 1’s total revenues increased \$94,004 or 5.71% to \$1,740,816 in 2021 from \$1,646,812 in 2020.

Ad valorem taxes (property taxes) increased \$68,461 (4.48%) to \$1,597,722 during the year ended December 31, 2021, compared to \$1,529,261 during 2020.

DeSoto Parish Fire Protection District No. 1’s governmental fund balance increased \$244,105 or 12.23% from \$1,995,454 in 2020 to \$2,239,559 for the year ended December 31, 2021.

**OVERVIEW OF FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the basic financial statements which includes 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, assessed parcel fees and intergovernmental revenues that include fire insurance rebates, state revenue sharing and grants.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

December 31, 2021

**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.

**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. To comply with GASB 68, there are two schedules detailing the Fire District's proportionate share of net pension liability and pension contributions.

**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 fulfil 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, 2021, the Fire District's assets exceed its liabilities by \$2,019,037 (net position).

At December 31, 2021, \$859,660 or 42.58% of the Fire District's net position reflect net investment in capital assets with a historical cost of \$3,882,634 less accumulated depreciation of \$3,022,974.

Unrestricted net position of \$1,159,377 or 57.42% of total net position as of December 31, 2021, may be used to meet the ongoing obligations to the citizens of DeSoto Parish Fire Protection District No. 1.

Cash and cash equivalents increased \$137,812 (25.44%) from \$541,661 in 2020 to \$679,473 at December 31, 2021.

Accounts receivables (net), consisting of property taxes, increased \$68,865 (4.58%) from \$1,502,780 in 2020 to \$1,571,645 at December 31, 2021.

Total liabilities decreased \$708,581 (45.10%) from \$1,571,080 in 2020 to \$862,499 at December 31, 2021. This change is primarily the result of a \$692,148 decrease in pension liabilities.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1  
Logansport, Louisiana  
December 31, 2021

A Summary of Statement of Net Position is as follows:

	Governmental Activities		% Change
	2021	2020	
ASSETS			
Cash and cash equivalents	\$ 679,473	\$ 541,661	25.44%
Accounts receivable, net	1,571,645	1,502,780	4.58%
Prepaid insurance	92,570	76,310	21.31%
Capital assets, net of accumulated depreciation	859,660	982,035	-12.46%
Total assets	<u>3,203,348</u>	<u>3,102,786</u>	<u>3.24%</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>390,152</u>	<u>501,376</u>	<u>-22.18%</u>
LIABILITIES			
Current liabilities	83,890	100,323	-16.38%
Noncurrent liabilities	<u>778,609</u>	<u>1,470,757</u>	<u>-47.06%</u>
Total liabilities	<u>862,499</u>	<u>1,571,080</u>	<u>-45.10%</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>711,964</u>	<u>314,785</u>	<u>126.17%</u>
NET POSITION			
Net investment in capital assets	859,660	982,035	-12.46%
Unrestricted	<u>1,159,377</u>	<u>736,262</u>	<u>57.47%</u>
Total net position	<u>\$ 2,019,037</u>	<u>\$ 1,718,297</u>	<u>17.50%</u>

The following schedule compares revenues and expenses for the current and previous year. Total revenues increased by \$94,004 or 5.71% from last year. Approximately 91.78% of the Fire District's total revenues come from property taxes (ad valorem taxes), 3.74% from other state sources, and 4.48% from other revenue, which consist of contributions, insurance dividends, and interest income. Total expenses decreased \$42,482 or 2.87% over the prior year.

Ad valorem tax revenue for the Fire District increased by \$68,461 (4.48%), reflecting an increase in the property tax revenue.

Expenses of the Fire District, without depreciation, decreased \$51,687 (3.89%) from 2020. Depreciation expense of \$163,497 made up 11.35% of total expenses for December 31, 2021 compared to \$154,293 or 10.41% of total expenses in 2020.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1  
Logansport, Louisiana  
December 31, 2021

A Summary of Statement of Activities is as follows:

	Governmental Activities		% Change
	2021	2020	
Program Revenues:			
Contributions	\$ 3,729	\$ 1,000	272.90%
General Revenues:			
Ad valorem taxes	1,597,722	1,529,261	4.48%
Intergovernmental revenues	65,092	60,685	7.26%
Interest income	2,563	3,932	-34.82%
Other revenue	71,710	51,934	38.08%
Total revenues	<u>1,740,816</u>	<u>1,646,812</u>	5.71%
Expenses			
Public safety	1,440,076	1,482,558	-2.87%
Total expenses	<u>1,440,076</u>	<u>1,482,558</u>	-2.87%
Increases in net position	<u>300,740</u>	<u>164,254</u>	83.09%
Net Position, beginning	<u>1,718,297</u>	<u>1,554,043</u>	10.57%
Net Position, ending	<u>\$ 2,019,037</u>	<u>\$ 1,718,297</u>	17.50%

**FINANCIAL ANALYSIS OF THE FIRE DISTRICT’S GOVERNMENT FUNDS**

For the year ended December 31, 2021, differences between the government-wide presentation and the fund financial statements were due to depreciation changes associated with capital assets, deferred property tax, and the GASB 68 non-employer contributions and pension expense.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Fire District complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S. 39-1301 et seq.). The Fire District’s budget is based on the Government Fund’s Statement of Revenues, Expenditures, and Changes in Fund Balance. The actual revenues were \$358,928 or 17.25% less than the budgeted amounts. The actual expenditures were \$533,206 less than budgeted amounts.

**DEBT ADMINISTRATION**

During the year ended December 31, 2021, there was no debt activity and no debts are outstanding at year-end.

**CAPITAL ASSETS**

The Fire District acquired \$85,170 in capital assets in 2021. This amount was for two new vehicles and parking lot upgrades to the Central Station.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The primary revenue source for the Fire District is 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 year 2022 should not change significantly from the year 2021 budget.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

December 31, 2021

**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. 1 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 Mark Magee, Fire Chief, at 300 Marshall Road, Logansport, Louisiana, 71049.

## BASIC FINANCIAL STATEMENTS

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**

**GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION**

December 31, 2021

	Governmental Fund Financial Statements		Government-wide Statements
	<b>Balance Sheet</b>		<b>Statement of</b>
	General Fund	Adjustments	<b>Net Position</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 679,473	\$ -	\$ 679,473
Accounts receivable	1,571,645	-	1,571,645
Prepaid expenses	92,570	-	92,570
Capital assets, net of depreciation	-	859,660	859,660
<b>TOTAL ASSETS</b>	<b>\$ 2,343,688</b>	<b>859,660</b>	<b>3,203,348</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	\$ -	390,152	390,152
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	14,657	-	14,657
Accrued payroll	31,810	-	31,810
Payroll liabilities	37,423	-	37,423
Noncurrent liabilities:			
Net pension liability	-	778,609	778,609
<b>TOTAL LIABILITIES</b>	<b>83,890</b>	<b>778,609</b>	<b>862,499</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable ad valorem taxes	20,239	(20,239)	-
Pension related	-	711,964	711,964
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>20,239</b>	<b>691,725</b>	<b>711,964</b>
<b>FUND BALANCE / NET POSITION</b>			
Fund Balances:			
Nonspendable			
Prepaid expenses	92,570	(92,570)	-
Unassigned	2,146,989	(2,146,989)	-
<b>TOTAL FUND BALANCES</b>	<b>2,239,559</b>	<b>(2,239,559)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,343,688</b>	<b>(769,225)</b>	<b>-</b>
Net Position:			
Net investment in capital assets		859,660	859,660
Unrestricted		1,159,377	1,159,377
<b>TOTAL NET POSITION</b>		<b>\$ -</b>	<b>\$ 2,019,037</b>

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET**  
**TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
December 31, 2021

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

Fund Balance, Total Governmental Fund	\$ 2,239,559
Capital Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds	859,660
Certain deferred outflows reported in the governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Deferred outflows-pension related	390,152
Unavailable ad valorem taxes are reported in the governmental funds but not in the Statement of Net Position	20,239
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Net pension liability	(778,609)
Deferred inflows- pension related	<u>(711,964)</u>
Net Position of Governmental Activities	<u>\$ 2,019,037</u>

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**

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

For the year ended December 31, 2021

	Governmental Fund Financial Statements		Government-wide Statements
	Statement of Revenues, Expenditures, and Changes in Fund Balance		Statement of Activities
	General Fund	Adjustments	
<b>EXPENDITURES/EXPENSES</b>			
Public safety-fire:			
Personal services & related benefits	\$ 1,096,610	\$ (183,745)	\$ 912,865
Operating expenses	182,165	-	182,165
Material & supplies	176,353	-	176,353
Travel, training & other charges	5,196	-	5,196
Capital outlays	85,170	(85,170)	-
Depreciation	-	163,497	163,497
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>1,545,494</b>	<b>(105,418)</b>	<b>1,440,076</b>
<b>PROGRAM REVENUES</b>			
Capital grants and contributions	3,729	-	3,729
<b>TOTAL PROGRAM REVENUES</b>	<b>3,729</b>	<b>-</b>	<b>3,729</b>
<b>NET PROGRAM EXPENSE</b>	<b>1,541,765</b>	<b>(105,418)</b>	<b>1,436,347</b>
<b>GENERAL REVENUES</b>			
Ad valorem taxes	1,602,457	(4,735)	1,597,722
Intergovernmental revenue- state funds			
State revenue sharing	3,092	-	3,092
State supplemental pay	62,000	-	62,000
Fire insurance rebate	15,502	-	15,502
Other revenues	32,729	-	32,729
Interest income	2,563	-	2,563
<b>TOTAL GENERAL REVENUES</b>	<b>1,718,343</b>	<b>(4,735)</b>	<b>1,713,608</b>
<b>NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION</b>	<b>176,578</b>	<b>100,683</b>	<b>277,261</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Gain (loss) on disposal of assets	67,527	(44,048)	23,479
<b>EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES(USES)/ CHANGE IN NET ASSETS</b>	<b>244,105</b>	<b>56,635</b>	<b>300,740</b>
<b>FUND BALANCE / NET POSITION</b>			
Beginning of the year	1,995,454		1,718,297
End of the year	\$ 2,239,559		\$ 2,019,037

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2021

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

Net Change in Fund Balance, Governmental Fund	\$	244,105
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Capital Outlays		85,170
Depreciation		(163,497)
In the Statement of Net Assets only the gain or loss from the disposal of an asset or insurance reimbursement from assets is reported, whereas in the governmental funds, the gross proceeds is reported		
		(44,048)
Because of the timing of actual receipts, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds.		
Change in unavailable ad valorem taxes		(4,735)
In the Statement of Activities pension and other postemployment benefits are reported in the government-wide statements, but not in the governmental fund statements		
Pension benefit (expense)		120,980
Non-employer contributions to cost-sharing pension plan		62,765
		<hr style="width: 100%;"/>
Change in Net Postion of Governmental Activities	\$	<u><u>300,740</u></u>

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

## NOTES TO THE FINANCIAL STATEMENTS

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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#### INTRODUCTION

DeSoto Parish Fire Protection District No. 1 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on February 8, 1989. 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, one member by the Town of Logansport, one by the Village of Longstreet, and one, the chairman, by the other four members. Board members serve without compensation. The Fire District is responsible for maintaining and operating fire stations and equipment and providing fire protection to approximately 2,000 residents within the boundaries of the Fire District. The Fire District maintains and operates four stations within its boundaries. The Fire District is staffed by one administrative employee, ten full-time firefighters and approximately six part-time firefighters.

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Fire Protection District No. 1 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 basis 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. 1 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. 1 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. 1's basic 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.

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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. The major governmental fund of the Fire District 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, and transfers—and 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.

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 are recognized in the year in which the taxes are assessed. Ad valorem taxes 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 and grants are recognized when the Fire District is entitled to funds. Interest income on deposits are recorded monthly when the interest is earned and credited to the account.

*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 interest-bearing deposits**

Cash and cash equivalents include amounts in demand accounts, savings accounts, and certificates of deposits with 90-day or less maturity term at time of purchase. The District has no formal policy on managing credit risk, however, 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**

Payments made to vendors for services that will benefit future accounting periods beyond December 31, 2021, are recorded as prepaid expenses.

##### **Accounts Receivable**

The only receivables for the governmental activities are ad valorem taxes. Ad valorem 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 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.

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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	7-15 years
Furniture and fixtures	5 years

#### Unavailable ad valorem taxes

The Fire District recognizes property tax 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 as of December 31, 2021, are recorded as a receivable. Those net property taxes receivable which were not collected within 60 days immediately following December 31, 2021, 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.
- 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 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 do 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 unrestricted resources.

##### Fund Balances

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

- Nonspendable- amounts that are not in spendable form (such as prepaid expenses) or are legally or contractually required to be maintained intact,
- Restricted- amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provisions, or by enabling legislation,

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed- amounts 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- amounts the Fire District intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body, to which the governing body delegates the authority,
- Unassigned- amounts 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.

#### 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.

#### F. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applied to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applied to future periods and will be recognized as an inflow of resources until that time.

#### 2. CASH AND INTEREST-BEARING DEPOSITS

At December 31, 2021, the Fire District has cash and cash equivalents totaling \$679,473 (book balance). Cash and cash equivalents are stated at cost, which approximates market.

The cash of the DeSoto Parish Fire Protection District No. 1 is subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk 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 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 of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire District that the fiscal agent 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, 2021, the Fire District has \$723,444 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and by \$473,444 of pledged marketable securities held by the custodial bank with a fair market value of \$2,191,664.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**

**Logansport, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

**3. CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2021 are as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>December 31, 2020</u>	<u>Additions</u>	<u>Deletions /</u> <u>Reclassification</u>	<u>Balance</u> <u>December 31, 2021</u>
Capital assets not being depreciated				
Land	\$ -	\$ 6,230	\$ -	\$ 6,230
Capital assets being depreciated				
Vehicles	2,450,010	78,940	(52,858)	2,476,092
Buildings	620,465	-	-	620,465
Firefighting Equipment	554,567	-	-	554,567
Furniture & Fixtures	55,060	-	-	55,060
Water Rescue Equipment	43,886	-	-	43,886
Station Equipment	126,334	-	-	126,334
Total	<u>3,850,322</u>	<u>78,940</u>	<u>(52,858)</u>	<u>3,876,404</u>
Less accumulated depreciation				
Vehicles	\$ 1,802,402	\$ 127,722	\$ (8,810)	\$ 1,921,314
Buildings	324,326	23,380	-	347,706
Firefighting Equipment	520,221	11,243	-	531,464
Furniture & Fixtures	53,743	281	-	54,024
Water Rescue Equipment	43,886	-	-	43,886
Station Equipment	123,709	871	-	124,580
Total	<u>2,868,287</u>	<u>163,497</u>	<u>(8,810)</u>	<u>3,022,974</u>
Capital assets, net	<u>\$ 982,035</u>	<u>\$ (78,327)</u>	<u>\$ (44,048)</u>	<u>\$ 859,660</u>

Depreciation expense of \$163,497 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, 2021
Levy date	June 30, 2021
Tax bills mailed	October 15, 2021
Total taxes are due	December 31, 2021
Penalties & interest added	January 31, 2022
Tax sale	May 15, 2022

The Fire District has authorized and levied a 15.69 ad valorem tax millage for 2021. The resolution assessing a 10.69 mill tax was approved by the district voters May 3, 2014, effective January, 2014, and expires in the year 2023. The resolution assessing a 5 mill tax was approved by the district voters October 14, 2017, effective January, 2018, and expires in the year 2027. The assessments are to cover the cost of the purchase of fire protection equipment and the maintenance and operation of fire protection facilities and equipment, and for obtaining water for fire protection purposes.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**

**Logansport, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

**4. LEVIED TAXES (continued)**

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 \$160,409,200 in 2021. 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 \$4,538,243 in 2021. Total of ad valorem tax revenues recognized in 2021 by the Fire District was government-wide \$1,597,722.

The following are the principal taxpayers for the Fire District (2021 amounts):

	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	AD VALOREM TAX REVENUE FOR FIRE DISTRICT
Indigo Minerals LLC	Oil & Gas	23,771,681	22.34%	357,073
Comstock Oil & Gas	Oil & Gas	23,150,276	21.76%	347,802
DTE Louisiana Gas Gathering LLC	Oil & Gas	14,543,698	13.67%	218,495
TGG Pipeline, LTD	Oil & Gas	7,417,515	6.97%	111,405
Enterprise Gathering LLC	Oil & Gas	4,676,387	4.39%	70,168
ETC Texas Pipeline, LLC	Oil & Gas	3,166,091	2.98%	47,631
Aethon Energy Operating, LLC	Oil & Gas	1,997,057	1.88%	30,049
DTE Specialized Water Service	Oil & Gas	1,941,299	1.82%	29,090
Southwestern Electric Power	Oil & Gas	1,872,411	1.76%	28,131
Enable Midstream Partners, LP	Oil & Gas	1,458,495	1.37%	21,897
Total		<u>83,994,910</u>	<u>78.94%</u>	<u>1,261,741</u>

**5. PENSION PLAN – Firefighters’ Retirement System of Louisiana**

Plan Description – The System is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement, disability, and death benefits for its members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes (R.S.) 11:2251–11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements – Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month, excluding state supplemental pay, and are employed by a fire department of any municipality, parish, or fire protection district of the state of Louisiana, excepting Orleans and Lafayette Parishes, in addition to employees of the Firefighters’ Retirement System.

No person who has attained age 50 or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 years shall become a member of the System.

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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#### 5. PENSION PLAN (continued)

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of the System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with the System, or for any other purpose in order to attain eligibility or increase the amount of service credit in the System.

Retirement Benefits – Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits – A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11 :2258(B).

Death Benefits - Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan - After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan - Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as a DROP account.

Cost of Living Adjustments (COLAs) - Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243).

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

#### 5. PENSION PLAN (continued)

In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

Contributions – Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes. According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2021, employer and employee contribution rates for members above the poverty line were 32.25% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8.00%, respectively.

The Fire District's employer contributions to the System for the years ending December 31, 2021, 2020, and 2019, were \$203,862, \$166,133, and \$160,178 respectively, equal to the required contributions for each year.

The total employees' portion paid for the years ended December 31, 2021, 2020, and 2019, were \$61,657, \$57,778, and \$55,020, respectively.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the DeSoto Parish Fire Protection District No. 1 reported a liability of \$778,609 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Fire District's proportion of the net pension liability was based on a projection of the Fire District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, (Plan's measurement date), the Fire District's proportion was 0.219707% which was an increase of 0.00752% from the proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Fire District recognized pension benefit of \$120,980 representing its proportionate share of the Plan's net benefit, including amortization of deferred amounts.

At December 31, 2021, the Fire District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,111	\$ 69,921
Changes of assumptions	168,719	-
Net difference between projected and actual earnings on pension plan investments	-	472,506
Changes in employer's proportion of beg NPL	38,319	-
Differences between employer and proportionate share of contributions	60,615	169,537
Employer contributions subsequent to the measurement date	111,388	-
Total	<u>\$ 390,152</u>	<u>\$ 711,964</u>

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**

**Logansport, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

**5. PENSION PLAN (continued)**

The Fire District reported a total of \$111,388 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021, which will be recognized as a reduction in net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in Pension expense as follows:

	December 31,		
	2021	\$	(58,340)
	2022		(108,668)
	2023		(124,676)
	2024		(157,226)
	2025		(3,963)
	2026		19,673
	Total	\$	<u>(433,200)</u>

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2021 is as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years, closed period
Investment Rate of Return	6.9% per annum (net of investment expenses, including inflation) (Decreased from 7.0% in 2020)
Projected Salary Increases	14.10% in the 1st 2 years of service and 5.20% with 3 or more years of service; includes inflation and merit increases.
Inflation Rate	2.5% (No change from 2020)
Cost-of-Living Adjustments	For the purpose of determining the present value of benefits, COLAS were deemed not to be substantively automatic and only those previously granted were included
Annuitant and Beneficiary Mortality	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
Active Members Mortality	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
Disabled Lives Mortality	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.

For mortality rate assumptions, in all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

Investment Rate of Return – The long-term expected real rate of return is an important input into the actuary’s determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary’s method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

#### 5. PENSION PLAN (continued)

The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

	Asset Class	Target Asset Allocation	Long-term expected real Rate of Return
Equity	U.S.	27.50%	5.86%
	Non-U.S.	11.50%	6.44%
	Global	10.00%	6.40%
	Emerging Market	7.00%	8.64%
Fixed Income	US Core	18.00%	0.97%
	TIPS	3.00%	0.40%
	Emerging Market	5.00%	2.75%
Mult-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.17%
	Risk Parity	0.00%	4.17%
Alternatives	Real estate	3.00%	5.31%
	Private Equity	9.00%	9.53%
	Real Assets	3.00%	***

\*\*\*Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**

**Logansport, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

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**5. PENSION PLAN (continued)**

Sensitivity to Changes in Discount Rate – The following presents the net pension liability of the fund calculated using the discount rate of 6.9%, as well as what the Fund’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.9%) or one percentage point higher (7.9%) than the current discount rate:

	Changes in Discount Rate		
	1.0% Decrease	Current Rate	1.0% Increase
	5.90%	6.90%	7.90%
Net Pension Liability	1,493,704	778,609	182,227

Change in Net Pension Liability – The changes in the net pension liability for the year ended December 31, 2021, were recognized in the current reporting period as pension expense except as follows:

*Differences between Expected and Actual Experience:*

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources of \$11,111 and a deferred inflow of resources in the amount of \$69,921 for the year ended December 31, 2021.

*Differences between Projected and Actual Investment Earnings*

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earning resulted in a net deferred inflow of \$472,506 for the year ended December 31, 2021.

*Changes in Assumptions or Other Inputs*

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$168,719 and no deferred inflow of resources for the year ended December 31, 2021.

*Changes in Proportion*

Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in proportion resulted in a deferred outflow of resources in the amount of \$38,319 and no deferred inflows of resources in for the year ended December 31, 2021.

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

## Logansport, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021

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#### 5. PENSION PLAN (continued)

Contributions – Proportionate Share - Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense/(benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Plan Fiduciary Net Position - Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Retirement System Audit Report – The Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website: [www.ffret.com](http://www.ffret.com) or on the Office of Louisiana Legislative Auditor's official website: [www.la.gov](http://www.la.gov).

#### 6. RISK MANAGEMENT

The Fire District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of asset 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, 2021.

#### 7. LITIGATION

There is no litigation pending against the Fire District, at December 31, 2021, nor is it aware of any unasserted claims.

#### 8. RELATED PARTY TRANSACTIONS

FASB 57 requires the disclosure of the description of the relationship, the transactions, the dollar amount of the transactions, and any amounts due to or from that result from related party transactions. There were no related party transactions noted.

#### 9. COMPENSATION PAID TO BOARD MEMBERS

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

#### 10. COOPERATIVE ENDEAVOR AGREEMENTS

During 2019, the Fire District, 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 for Fire District 1 is \$35,074 (\$8,768.50 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.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**

**Logansport, Louisiana**

**NOTES TO THE FINANCIAL STATEMENTS**

As of and for the Year Ended December 31, 2021

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**11. SUBSEQUENT EVENTS**

Management has evaluated events through August 19, 2022, which is the date the financial statements were available. There were no subsequent events that required disclosure.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the year ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Ad valorem taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,602,457	\$ 102,457
Intergovernmental revenue- state funds				-
State revenue sharing	-	-	3,092	3,092
State supplemental pay	66,000	66,000	62,000	(4,000)
Forestry grant	-	-	3,729	3,729
Fire insurance rebate	15,000	15,000	15,502	502
Other revenues	500,000	500,000	32,729	(467,271)
Interest income	-	-	2,563	2,563
Gain (loss) on disposal of assets	-	-	67,527	-
Total Revenues	<u>2,081,000</u>	<u>2,081,000</u>	<u>1,789,599</u>	<u>(358,928)</u>
<b>Expenditures</b>				
Current public safety-fire:				
Personal services & related benefits	1,200,000	1,200,000	1,096,610	103,390
Operating expenses	207,200	207,200	182,165	25,035
Materials & supplies	355,000	355,000	176,353	178,647
Travel, training & other charges	16,500	16,500	5,196	11,304
Capital outlays	<u>300,000</u>	<u>300,000</u>	<u>85,170</u>	<u>214,830</u>
Total Expenditures	<u>2,078,700</u>	<u>2,078,700</u>	<u>1,545,494</u>	<u>533,206</u>
Net Change in Fund Balance	2,300	2,300	244,105	(218,327)
<b>Fund balance, beginning of year</b>	<u>1,995,454</u>	<u>1,995,454</u>	<u>1,995,454</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 1,997,754</u>	<u>\$ 1,997,754</u>	<u>\$ 2,239,559</u>	<u>\$ (218,327)</u>

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**

For the year ended December 31, 2021

Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability
Parochial Employees' Retirement System (PERS) Plan B					
2015	0.19699%	\$ 1,063,193	\$ 542,744	196%	72%
2016	0.26200%	\$ 1,713,736	\$ 603,428	284%	68%
2017	0.24968%	\$ 1,431,105	\$ 591,801	242%	74%
2018	0.25011%	\$ 1,438,646	\$ 602,527	239%	75%
2019	0.24565%	\$ 1,538,263	\$ 610,527	252%	74%
2020	0.24565%	\$ 1,470,575	\$ 528,253	278%	73%
2021	0.21971%	\$ 778,609	\$ 599,143	130%	87%

*\*Amounts presented were determined as of the measurement date of the net pension plan.*

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN**

For the year ended December 31, 2021

Year	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Firefighters' Retirement System of Louisiana					
2015	\$ 150,890	\$ 150,890	\$ -	\$ 560,218	26.93%
2016	\$ 160,829	\$ 160,829	\$ -	\$ 624,471	25.75%
2017	\$ 151,453	\$ 151,453	\$ -	\$ 586,766	25.81%
2018	\$ 158,482	\$ 158,482	\$ -	\$ 609,842	25.99%
2019	\$ 151,234	\$ 151,234	\$ -	\$ 569,273	26.57%
2020	\$ 174,402	\$ 174,402	\$ -	\$ 577,781	30.18%
2021	\$ 203,794	\$ 203,794	\$ -	\$ 616,570	33.05%

\*Amounts presented were determined as of the end of the fiscal year.

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**

Notes to Required Supplementary Information  
As of and for the Year ended December 31, 2021

Budgetary Information

The Fire District uses the following budget practices:

The proposed budget for the General Fund is prepared on the modified accrual basis of accounting and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then legally adopted by the Fire District and amended during the year, as necessary. The budget is established and controlled by the Fire District at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes or amendments to the budget must be approved by the Fire District Board.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Fire District. The budget was not amended during the year.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% or more. Total actual revenues were \$358,928 (17.25%) less than budgeted amounts. Actual expenditures were \$533,206 less than budgeted amounts. The DeSoto Fire District is not in compliance with the Local Government Budget Act.

Pension Information

The schedule of the Fire District's proportionate share of the net pension liability and the schedule of the Fire District's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available. There were no changes of benefit terms for the pension year ended June 30, 2021.

Changes of Assumptions:

<u>Year ended June 30,</u>	<u>Discount rate</u>	<u>Investment rate of return</u>	<u>Inflation Rate</u>	<u>Expected remaining Lives</u>	<u>Projected salary increase</u>
2015	7.50%	7.50%	2.875%	7	Range
2016	7.50%	7.50%	2.875%	7	Range
2017	7.40%	7.40%	2.775%	7	Range
2018	7.30%	7.30%	2.700%	7	Range
2019	7.15%	7.15%	2.500%	7	Range
2020	7.00%	7.00%	2.500%	7	Range
2021	6.90%	6.90%	2.500%	7	Range

## OTHER SUPPLEMENTAL INFORMATION

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**

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

For the year ended December 31, 2021

	<b>Mark Magee</b>	
	<u>Fire Chief</u>	
Salary	\$	102,168
Benefits-insurance		16,624
Benefits- retirement		33,713
Benefits - medicare taxes		1,481
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Dues		-
Training		-
Housing		-
Unvouchered expenses		-
Special meals		-
Total	<u>\$</u>	<u>153,986</u>

See independent auditor's report.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING  
STANDARDS*



# Dees Gardner, Certified Public Accountants, 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**

DeSoto Parish Fire Protection District No. 1  
Logansport, Louisiana

We have audited, 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, the financial statements of the governmental activities and the major fund of the DeSoto Parish Fire Protection District No. 1, a component unit of the DeSoto Parish Policy Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Fire Protection District No. 1's basic financial statements and have issued our report thereon dated August 19, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the DeSoto Parish Fire Protection District No. 1'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 DeSoto Parish Fire Protection District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-01 that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DeSoto Parish Fire Protection District No. 1's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-02, 2021-03, 2021-04, and 2021-05.

## **DeSoto Parish Fire Protection District No. 1's Responses to Findings**

DeSoto Parish Fire Protection District No. 1's response to the findings identified in our audit 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.

This report is intended for the information and use of the DeSoto Parish Fire Protection District No. 1, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report which is a matter of public record and is distributed by the Louisiana Legislative Auditor under Louisiana Revised Statute 21:513.

*Dees Gardner, Certified Public Accountants, LLC*

Mansfield, Louisiana  
August 19, 2022

## AUDIT FINDINGS

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**  
**Logansport, Louisiana**  
 Schedule of Findings and Responses  
 For the Year ended December 31, 2021

**Part I. Summary of Auditor's Results**

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of the DeSoto Parish Fire Protection District No. 1 as of and for the year ended December 31, 2021, and have issued our report thereon dated August 19, 2022. 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. Our audit of the financial statements as of December 31, 2021, resulted in an unmodified opinion.

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER THE FINANCIAL REPORTING:

Internal Control		
Significant Deficiency	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Material Weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Compliance		
Compliance Material to Financial Statements	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

A management letter was not issued.

FEDERAL AWARDS

Not applicable

**Part II. Findings relating to the Financial Statements which are required to be Reported under *Government Auditing Standards*.**

FINDINGS RELATED TO INTERNAL CONTROL

**2021-01.** Inadequate design of internal control over financial closing and reporting.

*Criteria:* Management has a duty to maintain controls to ensure financial statements are reliable. Controls should be in place to assure that transactions are classified correctly and are complete.

*Condition:* Transactions are not recorded to permit preparation of financial statements in conformity with GAAP.

*Cause:* The Fire District's staff lacks knowledge necessary to internally complete the adjusting and closing entries for financial statement reporting requirements.

*Effect:* The Fire District's management and staff may not identify material misstatements in the financial statements.

*Recommendation:* The Fire District should either: 1) obtain the resources and/or knowledge necessary to internally prepare the closing and adjusting entries and preparing the financial statements in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

## **FINDINGS RELATED TO COMPLIANCE**

### **2021-02 Noncompliance with the Local Government Budget Act**

*Criteria:* The Louisiana Local Government Budget Act R.S. 39-:1310 states a governing authority shall adopt a budget amendment in an open meeting for the general fund and any special revenue funds when: 1) Total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent (5%) or more or 2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent (5%) or more.

*Condition:* Total actual revenues of the Fire District were \$358,928 (17.25%) less than budgeted amounts and the Fire District did not approve an amended budget in an open meeting.

*Cause:* Unknown.

*Effect:* The Fire District is not in compliance with the Local Government Budget Act.

*Recommendation:* The board should ensure that the Louisiana Local Government Budget Act requirements are followed and budget amendments are adopted in an open meeting when required.

### **2021-03. Noncompliance with the Louisiana Code of Governmental Ethics.**

*Criteria:* Louisiana Revised Statutes LSA-R.S. 42:1170(A)(3)(a)(i) requires each public servant to receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his/her public employment or term or office.

*Condition:* One employee of the Fire District did not complete the required training on the Code of Governmental Ethics.

*Cause:* Ethics training was not completed.

*Effect:* Penalties could be assessed by the Board of Ethics.

*Recommendation:* Management should ensure that all employees and commissioners complete the required Ethics training annually.

### **2021-04. Noncompliance with Internal Revenue Service requirements.**

*Criteria:* The Internal Revenue Service requires that 1099's be issued to certain vendors paid in the ordinary course of business.

*Condition:* Several 1099 eligible vendors were not sent 1099's as required by the Internal Revenue Service.

*Cause:* Unknown.

*Effect:* Penalties could be assessed by the Internal Revenue Service.

*Recommendation:* Management should ensure that all 1099 eligible vendors are sent 1099's as required by Law.

**2021-05. Late submission of Report**

*Criteria:* Louisiana state law requires that the District have an annual audit performed and submitted to the Legislative Auditor within six (6) months after the close of the fiscal year.

*Condition:* For the year ended December 31, 2021, the District did not submit the annual audit within six (6) months after the close of the fiscal year.

*Cause:* Unknown.

*Effect:* The District is not in compliance with state law.

*Recommendation:* Management should institute procedures to ensure that the books and records are prepared, reconciled, and available for the auditors within 45 days after the end of their fiscal year.

**DESOTO PARISH FIRE  
PROTECTION DISTRICT NO. 1**

300 Marshall Road  
Logansport, LA 71049

**MANAGEMENT'S RESPONSE TO THE AUDIT FINDINGS**

**2021-01.** Inadequate design of internal control over financial close and reporting.

*Management's Response:* Based upon the cost versus benefit of obtaining the necessary resources and/or training, management has determined it is not cost effective and in our best interest to continue to outsource this task to the independent auditor, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

**2021-02.** Noncompliance the Local Government Budget Act.

*Management's Response:* Management agrees with this finding. Management will ensure that the Louisiana Local Government Budget Act is followed moving forward.

**2021-03.** Noncompliance with the Louisiana Code of Governmental Ethics.

*Management's Response:* This noncompliance matter was the result of a misunderstanding on the part of management and the Fire Chief and is now resolved.

**2021-04.** IRS 1099 requirements.

*Management's Response:* Management agrees with this finding. Management will ensure that all 1099 eligible vendors are sent 1099's as required by Law.

**2021-05.** Late Submission of Report.

*Management Response:* Management agrees with the finding and will implement the procedures noted.

Mark Magee, Fire Chief  
DeSoto Parish Fire Protection District No. 1



**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1**

**Logansport, Louisiana**  
Schedule of Prior Year Findings  
For the Year ended December 31, 2021

2020-01 Internal control financial statement preparation

Unresolved.

2020-02 Meeting minutes information

Resolved in the current year.

2020-03 Local Government Budget Act

Partially resolved in the current year.

2020-04 Louisiana Code of Governmental Ethics

Partially resolved in the current year.

OTHER REPORT.



# Dees Gardner, Certified Public Accountants, LLC

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## Independent Accountant's Report On Applying Agreed-Upon Procedures

To Board of Commissioners of DeSoto  
Parish Fire Protection District No. 1  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish Fire Protection District No. 1 (the 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, 2021 through December 31, 2021. The District's 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, 2021 through December 31, 2021. 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 of 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***

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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) ***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) **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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*The District does not have written policies and procedures that cover sections a-l above described.*

### **Board or Finance Committee**

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

*Obtained and inspected the board minutes for the fiscal period, as well as the board's enabling legislation and bylaws in effect during the fiscal period.*

- a) Observe 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.

*Two monthly board meetings were cancelled and not rescheduled due to a lack of quorum during the year..*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*Meeting minutes early in the period do not specifically site budget-to-actual comparisons but minutes at the end of the period following the prior year audit reflect budget-to-actual comparisons completed.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe 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.

*Section not applicable to entity.*

### **Bank Reconciliations**

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account was selected for review.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*Bank reconciliations were noted to have been completed over two months from the statement closing date.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*Bank reconciliations do not include evidence of management or board review.*

- c) 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.

*The entity had items outstanding for more than 12 months that were not reviewed.*

### **Collections (excluding EFTs)**

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4. 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).

*A listing of deposit sites for the fiscal period and management's representation that the listing is complete were obtained. The only deposit site of the entity was selected.*

5. 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 listing of collection locations and management's representation that the listing is complete was obtained. The only collection location of the entity was selected.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*No exceptions were noted as a result of this procedure.*

- 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.

*No exceptions were noted as a result of this procedure.*

- 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.

*No exceptions were noted as a result of this procedure.*

- 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.

*No exceptions were noted as a result of this procedure.*

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

*No exceptions were noted as a result of this procedure.*

7. 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:

*Only one bank account under procedure #3 had applicable deposits to test under this section. Two random deposits were selected for testing.*

- a) Observe that receipts are sequentially pre-numbered.

*Section not applicable to entity.*

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions were noted as a result of this procedure.*

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions were noted as a result of this procedure.*

- 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 as a result of this procedure.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions were noted as a result of this procedure.*

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

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8. 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).

*A listing of locations that process payments for the fiscal period and management's representation that the listing is complete were obtained. The only location of the entity was selected.*

9. For each location selected under #8 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 as a result of this procedure.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions were noted as a result of this procedure.*

- 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.

*No exceptions were noted as a result of this procedure.*

- 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.

*No exceptions were noted as a result of this procedure.*

- 10. For each location selected under #8 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 as a result of this procedure.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Disbursements reviewed included documentation that either lacked evidence of approval or included evidence that payments were not approved until after processing and preparing of checks.*

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

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- 11. 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.

*A listing of active cards for the fiscal period and management's representation that the listing is complete were obtained.*

- 12. 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 random monthly statement for the one fleet fuel card account and one credit card account of the entity selected for review.*

- 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 (or electronically approved), by someone other than the authorized card holder.

*No exceptions noted were noted as a result of this procedure.*

- b) Observe that finance charges and late fees were not assessed on the selected statements.

*Finance charges were noted in a reviewed credit card statement.*

13. Using the monthly statements or combined statements selected under #12 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*No exceptions were noted as a result of this procedure.*

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

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14. Obtain 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. Randomly select 5 reimbursements, obtain 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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Management did not report any Travel and Travel-Related Expense Reimbursements during the year.*

#### **Contracts**

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

*A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management’s representation that the listing is complete were obtained.*

- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No applicable contracts were observed.*

- Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exceptions were noted as a result of this procedure.*

- If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*No exceptions were noted as a result of this procedure.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were noted as a result of this procedure.*

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete were obtained. Five employees of the entity selected for review.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*There was not documentation for one selected employee.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*There was not documentation on approval for one selected employee.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*The entity did not maintain cumulative leave balance records during the year.*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

*No termination payments reported by entity.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*No exceptions were noted as a result of this procedure.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above 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.

*One employee did not complete the required ethics training..*

- 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.

*The employees did not sign to verify having read the entities ethics policy.*

## **Debt Service**

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Section not applicable to entity.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree 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).

*Section not applicable to entity.*

## **Fraud Notice**

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*No misappropriations reported by entity.*

24. Observe that 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.

*No exceptions were noted as a result of this procedure.*

## **Information Technology Disaster Recovery/Business Continuity**

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*Entity has not backed up critical data as noted in this section.*

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

*Entity back ups are not tested as noted in this section.*

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe 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.

*No exceptions were noted as a result of this procedure.*

## **Sexual Harassment**

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*Two employees tested did not complete sexual harassment training. One of the employees was a new hire during the year and also terminated employment during the year. .*

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*The entity does not have a sexual harassment policy.*

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

*The entity did not have any sexual harassment complaints in the current year.*

- a) Number and percentage of public servants in the agency who have completed the training requirements;  
*58%.*
- b) Number of sexual harassment complaints received by the agency;  
*0.*
- c) Number of complaints which resulted in a finding that sexual harassment occurred;  
*0.*
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and  
*0.*
- e) Amount of time it took to resolve each complaint.  
*0.*

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 DeSoto Parish Fire Protection District No. 1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.

*Dees Gardner, Certified Public Accountants, LLC*

Mansfield, LA  
August 19, 2022

**DESOTO PARISH FIRE  
PROTECTION DISTRICT NO. 1**

300 Marshall Road  
Logansport, LA 71049

**Management responses to statewide agreed upon procedure exceptions:**

**Section 1 - Written Policies and Procedures**

Management is working to adopt formal written policies and procedures to address the required sections.

**Section 2(a & b) – Board or Finance Committee**

Management acknowledges that board members have a fiduciary duty to the public and meeting attendance is essential for reaching a quorum and fulfilling that fiduciary duty. Management has resolved the issue with budget to actual comparisons.

**Section 3 – Bank Reconciliations**

Management will make sure bank reconciliations are prepared timely, that management approval is documented, and that outstanding items are reviewed moving forward.

**Section 10(b) – Non-payroll Disbursements**

Management will make sure all transactions include documentation of approval.

**Section 12(a) – Credit Cards/Debit Cards**

Management will make sure that all card statements are paid timely to avoid late fees.

**Section 17(a-c) – Payroll and Personnel**

The exceptions noted for Sections 17(a-b) were the result of a misunderstanding which has now been resolved. Cumulative leave records are being maintained in the current year.

**Section 20 – Ethics**

The noncompliance cited under Section 20(a) was the result of a misunderstanding on the part of management and the Fire Chief and is now resolved. Once policies and procedures are adopted, as noted under Section 1, employees will be required to sign the Fire District's ethics policy annually as noted.

**Section 25 – IT Disaster Recovery/Business Continuity**

Management is working to establish a back up system and will make sure back ups are regularly tested once established.

**Section 27 – Sexual Harassment**

Management is working to develop a sexual harassment policy. Once the policy is implemented, it will be posted to the website as required. Management will ensure that all employees complete sexual harassment training as required.

Mark Magee, Fire Chief  
DeSoto Parish Fire Protection District No. 1

