

**Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Financial Statements with Auditors' Report
As of and For the Year Ended December 31, 2019**

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Fund	6
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	9
Notes to the Financial Statements	10 – 18
Required Supplementary Information	
Budgetary Comparison Schedule	19
Notes to Required Supplementary Information	20
Other Supplementary Information	
Schedule of Per Diem Paid Commissioners	21
Schedule of Compensation, Benefits, and Other Payments to Agency Head	22
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	23 – 24
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Findings	25
Summary Schedule of Current Year Findings	25

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Commissioners
Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Webster Parish Fire Protection District No. 8, a component unit of the Webster Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Webster Parish Fire Protection District No. 8's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Webster Parish Fire Protection District No. 8 as of December 31, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 19–20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Webster Parish Fire Protection District No. 8, a component unit of the Webster Parish Police Jury's, basic financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Per Diem Paid Commissioners and Schedule of Compensation, Benefits, and Other Payments to Agency Head shown on pages 21–22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Per Diem Paid Commissioners and Schedule of Compensation, Benefits, and Other Payments to Agency Head are 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. Such 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Per Diem Paid Commissioners and Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic 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 September 17, 2020, on our consideration of Webster Parish Fire Protection District No. 8's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Webster Parish Fire Protection District No. 8's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster Parish Fire Protection District No. 8's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
September 17, 2020

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 402,389
Accounts receivable - ad valorem taxes	280,408
Capital assets:	
Land	22,000
Other capital assets, net of accumulated depreciation	967,447
Total assets	1,672,244
LIABILITIES	
Accounts payable and accrued expenses	17,119
Long-term liabilities:	
Due within one year	38,213
Due in more than one year	424,312
Total liabilities	479,644
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue- ad valorem taxes	280,408
NET POSITION	
Net investment in capital assets	526,922
Unrestricted	385,270
Total net position	\$ 912,192

See accompanying notes to the basic financial statements

Webster Parish Fire Protection District No. 8
 Cotton Valley, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2019

GOVERNMENTAL ACTIVITIES

Expenses:

Interest on long term-term debt	\$ 22,870
Public Safety - fire protection	268,396
Total expenses	291,266

Program Revenues:

Capital grants and contributions	122,585
Total program revenues	122,585
Net program (expenses)	(168,681)

General revenues:

Ad valorem taxes	271,429
Fire insurance rebate	6,813
Interest Income	632
Other income	5,072
(Loss) on disposal capital assets	(13,600)
Total general revenues	270,346

Change in net position	101,665
------------------------	---------

Net position - beginning	810,527
--------------------------	---------

Net position - ending	\$ 912,192
-----------------------	------------

See accompanying notes to the basic financial statements

Webster Parish Fire Protection District No. 8
 Cotton Valley, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2019

	<u>General Fund</u>
Assets	
Cash	\$ 402,389
Accounts receivable- ad valorem taxes	<u>280,408</u>
Total assets	<u><u>\$ 682,797</u></u>
Liabilities	
Accounts payable	\$ 1,027
Total liabilities	<u>1,027</u>
Deferred inflows of resources	
Unavailable revenue	
Ad valorem taxes	<u>280,408</u>
Total deferred inflows of resources	<u>280,408</u>
Fund balance	
Unassigned	<u>401,362</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 682,797</u></u>

See accompanying notes to the basic financial statements

Webster Parish Fire Protection District No. 8
 Cotton Valley, Louisiana
 Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Position
 December 31, 2019

Fund balance - total governmental fund	\$	401,362
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.</p>		989,447
<p>Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the governmental fund:</p>		
<p>Capital lease payable</p>		(462,525)
<p>Accrued interest payable</p>		(16,092)
		(478,617)
Net position of governmental activities	\$	912,192

See accompanying notes to the basic financial statements

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2019

	General Fund
Revenues	
Ad valorem taxes	\$ 271,429
Intergovernmental revenue:	
Fire insurance rebate	6,813
Federal grant	122,858
Interest income	632
Miscellaneous	5,072
Total revenues	406,804
Expenditures	
Current - public safety - fire protection	168,133
Capital outlay	666,065
Debt service	
Principal	60,000
Interest	7,568
Total expenditures	901,766
Excess (deficiency) of revenues over (under) expenditures	(494,962)
Other financing sources	
Capital lease	462,525
Proceeds sale of capital assets	15,000
Total other financing sources	477,525
Change in fund balance	(17,437)
Fund balance at beginning of year	418,799
Fund balance at end of year	\$ 401,362

See accompanying notes to the basic financial statements

Webster Parish Fire Protection District No. 8
 Cotton Valley, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2019

Net change in fund balance - total governmental fund	\$	(17,437)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$666,065 exceeds depreciation \$100,536 in the current period.</p>		565,529
<p>Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the loss on a sale of capital assets. This is the effect on the change in net position on the statement of activities.</p>		(28,600)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net position.</p>		
Principal payments on long-term debt		60,000
Capital lease		(462,525)
<p>Interest on long-term debt in statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, however, interest expense is recognized as the interest accrues in the statement of net assets.</p>		(15,302)
Change in net position of governmental activities	<u>\$</u>	<u>101,665</u>

See accompanying notes to the basic financial statements

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019

INTRODUCTION

The Webster Parish Fire Protection District No. 8 (the District) was created by the Webster Parish Police Jury in 1988 by ordinance as provided under Louisiana Revised Statutes 40:1492, to purchase and maintain fire equipment and to provide fire protection for the people of Webster Parish Fire Protection District No. 8. The District is governed by a board of commissioners consisting of 5 members: 2 members are appointed by the Webster Parish Police Jury; 2 members are appointed by the Town of Cotton Valley; and one member, who is the chairman, is appointed by the other 4 board members. Members serve two year terms.

(1) Summary of Significant Accounting Policies

The Webster Parish Fire Protection District No. 8's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Webster Parish Fire Protection District No. 8 are discussed below.

A. Reporting Entity

Because the Webster Parish Police Jury appoints two members of the governing board and because the District operates within the geographical boundaries of Webster Parish, The District was determined to be a component unit of the Webster Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. This report includes only funds which are maintained by the District and does not present information on the Webster Parish Police Jury, the general government service provided by that governmental unit, or the other governmental units that comprise the Commission.

B. Basic Financial Statements – Government-Wide Statements

The Webster Parish Fire Protection District No. 8's basic financial statements include both government-wide (reporting the funds maintained by the Webster Parish Fire Protection District No. 8 as a whole) and fund financial statements (reporting the Webster Parish Fire Protection District No. 8's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Webster Parish Fire Protection District No. 8's general fund is classified as governmental activities. The Webster Parish Fire Protection District No. 8 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Webster Parish Fire Protection District No. 8's net position is reported in two parts – net investment in capital assets, and unrestricted net position.

(Continued)

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Webster Parish Fire Protection District No. 8's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of a grant for equipment. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Webster Parish Fire Protection District No. 8 as an entity and the change in the Webster Parish Fire Protection District No. 8's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Webster Parish Fire Protection District No. 8 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Webster Parish Fire Protection District No. 8:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Webster Parish Fire Protection District No. 8:

- a. General fund is the general operating fund of the Webster Parish Fire Protection District No. 8. It is used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

D. Basis of Accounting

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

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

(Continued)

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

Revenues of the Webster Parish Fire Protection District No. 8 consist principally of property taxes, intergovernmental revenues - fire insurance rebate and interest income. Property taxes are recorded in the year for which the taxes are levied. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. Because the 2019 tax levy is intended to fund the 2020 fiscal year, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Intergovernmental revenues are recorded when received because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Fire Chief and Officers of the District prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted by the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for the general fund. Two amendments were made to the 2019 budget.

F. Cash and Cash Equivalents

Cash includes amounts in petty cash, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or money market accounts with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at fair value.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Improvements	15 – 30 years
Equipment	5 – 15 years

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the District has no transactions that meet the definition of deferred outflows of resources.

The District's governmental activities and governmental fund reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that met this definition and qualifies for reporting in this category. Accordingly, the item "unavailable revenue" is reported in the governmental fund balance sheet and statement of net position. The District reports unavailable revenue from one source: ad valorem taxes. This amount is deferred and recognized as an inflow of resources in the period for which the amounts were levied and budgeted.

I. Compensated Absences

The District had no liability for compensated absences at December 31, 2019.

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the district or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balances

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the District's board of commissioners (the District's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the District's board of commissioners removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District's board of commissioners have the authority to assign amounts to be used for specific purposes.
5. Unassigned fund balance are the residual classification for the District's general fund and include all spendable amounts not contained in the other classifications.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

(Continued)

Webster Parish Fire Protection District No. 8
 Cotton Valley, Louisiana
 Notes to Financial Statements
 December 31, 2019
 (Continued)

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	12.41	12.41	2028

(3) Cash and Cash Equivalents

At December 31, 2019, the District had cash and cash equivalents (book balances), totaling \$402,389 as detailed below.

Cash and Cash Equivalents

District had cash and cash equivalents at December 31, 2019 (book balances) totaling \$402,389 in interest bearing demand deposits and demand deposit accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Credit Risk

Custodial credit risk is the risk that in the event of a bank or other depositing institution failure, the government's deposits may not be returned to it. As of December 31, 2019, \$21,417 of the District's bank balances totaling \$404,514 were exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department not in the District's name.

(Continued)

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance at Jan. 1, 2019	Additions	Deletions	Balance at Dec. 31, 2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$	\$ 22,000	\$	\$ 22,000
Capital assets, being depreciated:				
Buildings and improvements	285,457			285,457
Equipment	869,192	644,065	(52,000)	1,461,257
Total capital assets, being depreciated at historical cost	<u>1,154,649</u>	<u>644,065</u>	<u>(52,000)</u>	<u>1,746,714</u>
Less accumulated depreciation:				
Buildings and improvements	(186,452)	(10,016)		(196,468)
Equipment	(515,679)	(90,520)	23,400	(582,799)
Total accumulated depreciation	<u>(702,131)</u>	<u>(100,536)</u>	<u>23,400</u>	<u>(779,267)</u>
Capital assets being depreciated, net	<u>452,518</u>	<u>543,529</u>	<u>(28,600)</u>	<u>967,447</u>
Governmental activities capital assets, net	<u>\$ 452,518</u>	<u>\$ 565,529</u>	<u>\$ (28,600)</u>	<u>\$ 989,447</u>

Depreciation expense for the year ended December 31, 2019, was \$100,536.

(5) Risk Management

The District purchases commercial insurance to provide workers compensation coverage and general liability and property insurance. There were no significant *reductions* in insurance coverage from the prior year.

(Continued)

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

(6) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Certificate of indebtedness	\$ 60,000	\$	\$ 60,000	\$	\$
Capital Lease		462,525		462,525	38,213
	<u>\$ 60,000</u>	<u>\$ 462,525</u>	<u>\$ 60,000</u>	<u>\$ 462,525</u>	<u>\$ 38,213</u>

Capital Lease – Fire Truck

During 2019, the District entered into a capital lease agreement to purchase a fire truck. The lease agreement qualifies as a capital lease for accounting purposes. The truck is included in capital assets at a cost of \$512,525, with accumulated depreciation totaling \$25,626 for a net book value of \$486,899 as of December 31, 2019. Depreciation expense for 2019 was \$25,626. The lease has an interest rate of 4.175%, and the District will make monthly payments through March 2029. The debt will be repaid from funds legally available for such purposes by the District. The lessor is reflected as the lienholder on the fire truck during the term of the lease.

Future minimum lease obligation and the net present value of the minimum lease payments as of December 31, 2019 were as follows:

<u>Year Ending December 31,</u>	
2020	\$ 57,523
2021	57,523
2022	57,523
2023	57,523
2024	57,523
2025-2029	<u>287,615</u>
Total lease payments	\$ 575,230
Less amounts representing interest	<u>(112,705)</u>
Present value of future minimum lease payments	<u>\$ 462,525</u>

Interest expense in the statement of activities for the year ended December 31, 2019 was \$22,475.

(Continued)

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

(7) Accounts Payable and Accrued Expenses

Accounts payable at December 31, 2019 consisted of the following:

Accounts payable	<u>\$ 1,027</u>
Total fund statements	<u>1,027</u>
Accrued interest payable	<u>16,092</u>
Total government-wide statements	<u>\$ 17,119</u>

(8) Subsequent Events

Subsequent events have been evaluated through September 11, 2020, the date the financial statements were available to be issued.

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related impact and duration cannot be reasonably estimated at this time.

During January, 2020 the District purchased a vehicle totaling \$29,200.

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 282,000	\$ 271,429	\$ 271,429	\$
Fire insurance rebate	7,000	7,413	6,813	(600)
Interest income	600	632	632	
Intergovernmental - federal grant		122,858	122,858	
Miscellaneous	3,305	4,472	5,072	600
Total revenues	292,905	406,804	406,804	
Expenditures				
Current - fire protection	233,715	176,498	167,816	8,682
Capital outlay	50,000	194,858	203,540	(8,682)
Debt service				
Principal	60,000	60,000	60,000	
Interest	7,836	7,568	7,568	
Total expenditures	351,551	438,924	438,924	
Excess (deficiency) of revenues over (under) expenditures	(58,646)	(32,120)	(32,120)	
Other financing sources				
Proceeds sale of capital assets		15,000	15,000	
Total other financing sources		15,000	15,000	
Change in fund balance	(58,646)	(17,120)	(17,120)	
Fund balance at beginning of year	250,000	286,677	419,509	132,832
Fund balance at end of year	\$ 191,354	\$ 269,557	\$ 402,389	\$ 132,832

Webster Parish Fire Protection District No. 8
 Cotton Valley, Louisiana
 Notes to Required Supplementary Information
 December 31, 2019

The District's budget is adopted on a cash basis for all funds. There were two amendments to the 2019 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ (17,120)
Adjustments:	
Expenditure accruals – net	<u>(317)</u>
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	<u>\$ (17,437)</u>

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Other Supplementary Information
Schedule of Per Diem Paid Commissioners
For the Year Ended December 31, 2019

PER DIEM AND OTHER PAID COMMISSIONERS

<u>Per Diem</u>	<u>Amount</u>
Perry Kirkland	\$ 300
Earnie Gibson	90
Yolanda Palmer	240
Leon Smith	210
Roberta Lott	300
Total	<u>\$ 1,140</u>

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Other Supplementary Information
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2019

Agency Head: Perry Kirkland, Board Chairman

PURPOSE	AMOUNT
Per Diem	\$ 300

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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*

Independent Auditors' Report

Board of Commissioners
Webster Parish Fire Protection District No. 8

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 Webster Parish Fire Protection District No. 8 as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Webster Parish Fire Protection District No. 8's basic financial statements, and have issued our report thereon dated September 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Webster Parish Fire Protection District No. 8'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 Webster Parish Fire Protection District No. 8's internal control. Accordingly, we do not express an opinion on the effectiveness of the Webster Parish Fire Protection District No. 8'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Year Audit Findings, and listed as 2019-01, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster Parish Fire Protection District No. 8's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Webster Parish Fire Protection District No. 8's Response to Finding

Webster Parish Fire Protection District No. 8's response to the finding identified in our audit is described in the accompanying Schedule of Current Year Findings. Webster Parish Fire Protection District No. 8's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
September 17, 2020

Webster Parish Fire Protection District No. 8
Cotton Valley, Louisiana
Summary Schedule of Prior Year Findings
December 31, 2019

There were no findings for the prior year review for the year ended December 31, 2018.

Summary Schedule of Current Year Findings
For Louisiana Legislative Auditor
December 31, 2019

There is one finding for the current year audit for the year ended December 31, 2019.

Reference No:	2019-01 Material Weakness – Segregation of Duties
Criteria:	Internal controls should be in place to provide adequate segregation of duties over the accounting functions of the District.
Condition:	The District's Treasurer performs substantially all accounting functions of the District including preparing deposits, disbursements, bank reconciliations, and maintaining the accounting records—general ledger.
Cause:	Due to the small size of the District and available resources, there is a lack of segregation of duties.
Effect:	Due to lack of segregation of duties, errors or irregularities could occur and not be detected.
Recommendation:	The District should consider implementing certain controls to segregate duties where feasible. The benefit from an internal control should not exceed its cost, therefore, it may not be practical to correct all deficiencies.
Corrective Action Plan:	The District will consider controls where feasible, but due to the size of the District and available resources, segregation of duties will not always be possible.