

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

**FINANCIAL REPORT
December 31, 2019**

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana

Financial Report
December 31, 2019

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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 Financial Statements

We have audited the accompanying 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 Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the DeSoto Parish Fire Protection District No. 1 as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed as "Required Supplementary Information Part 1" in the tables of contents and the budgetary comparison schedule-General Fund listed as "Required Supplementary Information Part II in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

The required supplemental information (part II) is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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 basic financial statements taken as a whole.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire District's basic financial statements. The schedule of compensation, benefits and other payments to agency head of chief executive officer listed as other supplemental information in the table of contents as required by Louisiana Revised Statute 24:513 (A)(3), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The "other supplemental information" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 September 30, 2020, on our consideration of the DeSoto Parish Fire Protection District No. 1's internal control over financial reporting and 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* in considering DeSoto Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
September 30, 2020

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana
December 31, 2019

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, 2019. 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 \$78,477 or 5.32% during the year. At December 31, 2019, the assets of the Fire District exceeded its liabilities by \$1,554,043.

DeSoto Parish Fire Protection District No. 1's total revenues increased \$302,953 or 22.83% to \$1,630,125 in 2019 from \$1,327,172 in 2018.

Ad valorem taxes (property taxes) increased \$302,811 (25.66%) to \$1,482,691 during the year ended December 31, 2019 compared to \$1,179,879 during 2018.

DeSoto Parish Fire Protection District No. 1's governmental fund balance increased \$241,133 or 16.04% from \$1,503,547 in 2018 to \$1,744,680 for the year ended December 31, 2019.

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.

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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.

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, 2019, the Fire District's assets exceed its liabilities by \$1,554,043 (net position).

At December 31, 2019, \$1,033,013 or 66.47% of the Fire District's net position reflect net investment in capital assets with a historical cost of \$3,747,007 less accumulated depreciation of \$2,713,994.

Unrestricted net position of \$521,030 or 33.53% of total net position as of December 31, 2019, may be used to meet the ongoing obligations to the citizens of DeSoto Parish Fire Protection District No. 1.

Cash and cash equivalents increased \$29,292 (10.16%) from \$288,330 in 2018 to \$317,622 at December 31, 2019.

Accounts receivables (net), consisting of property taxes, increased \$289,084 (24.72%) from \$1,169,463 in 2018 to \$1,458,547 at December 31, 2019.

Total liabilities increased \$92,356 (6.04%) from \$1,528,631 in 2018 to \$1,620,987 at December 31, 2019.

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A Summary of Statement of Net Position is as follows:

ASSETS	Governmental Activities		% Change
	2019	2018	
Cash and cash equivalents	\$ 317,622	\$ 288,330	10.16%
Accounts receivable, net	1,458,547	1,169,463	24.72%
Prepaid insurance	74,510	60,792	22.57%
Capital assets, net of accumulated depreciation	1,033,013	1,166,032	-11.41%
Total assets	<u>\$ 2,883,692</u>	<u>\$ 2,684,617</u>	<u>7.42%</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>\$ 488,319</u>	<u>\$ 520,449</u>	<u>-6.17%</u>
LIABILITIES			
Current liabilities	\$ 82,724	\$ 89,985	-8.07%
Noncurrent liabilities	1,538,263	1,438,646	6.92%
Total liabilities	<u>\$ 1,620,987</u>	<u>\$ 1,528,631</u>	<u>6.04%</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	<u>\$ 196,981</u>	<u>\$ 200,869</u>	<u>-1.94%</u>
NET POSITION			
Net investment in capital assets	\$ 1,033,013	\$ 1,084,818	-4.78%
Unrestricted	521,030	390,748	33.34%
Total net position	<u>\$ 1,554,043</u>	<u>\$ 1,475,566</u>	<u>5.32%</u>

The following schedule compares revenues and expenses for the current and previous year. Total revenues increased by \$302,953 or 22.83% from last year. Approximately, 90.96% of the Fire District's total revenues come from property taxes (ad valorem taxes), 3.77% from other state sources, and 5.28% from other revenue, which consist of contributions, insurance dividends, and interest income. Total expenses increased \$68,357 or 4.61% over the prior year.

Ad valorem tax revenue for the Fire District increased by \$302,811 (25.66%), reflecting an increase in the property tax revenue.

Expenses of the Fire District, without depreciation, increased \$84,280 (6.41%) from 2018. Depreciation expense of \$152,761 made up 9.85% of total expenses for December 31, 2019 compared to \$168,684 or 11.37% of total expenses in 2018.

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December 31, 2019

A Summary of Statement of Activities is as follows:

	Governmental Activities		% Change
	2019	2018	
Program Revenues:			
Contributions	3,870	-	3870.00%
General Revenues:			
Ad valorem taxes	1,482,690	1,179,879	25.66%
Intergovernmental revenues	61,466	88,269	-30.37%
Interest income	2,489	-	2489.00%
Other revenue	79,610	59,024	34.88%
Total revenues	1,630,125	1,327,172	22.83%
Expenses			
Public safety	1,551,648	1,480,245	4.82%
Interest on debt	-	3,046	
Total expenses	1,551,648	1,483,291	4.61%
Increases in net position	78,477	(156,119)	-150.27%
Net Position, beginning	1,475,566	1,631,685	-9.57%
Net Position, ending	\$ 1,554,043	\$ 1,475,566	5.32%

FINANCIAL ANALYSIS OF THE FIRE DISTRICT’S GOVERNMENT FUNDS

For the year ended December 31, 2019, 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 \$41,701 or 3.05% less than the budgeted amounts. The actual expenditures were \$61,711 or 4.74% more than the budgeted amounts.

DEBT ADMINISTRATION

During the year ended December 31, 2019, the Fire District paid off the remaining debt on capital assets.

CAPITAL ASSETS

The Fire District acquired \$19,742 in capital assets in 2019. This amount was for a roofing system and thermal camera kit.

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. Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities. At the present time, the Fire District has

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not experienced any major impact from the pandemic. The budget for year 2020 should not change significantly from the year 2019 budget.

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, 2019

	Governmental Fund Financial Statements		Government-wide Statements
ASSETS	Balance Sheet	Adjustments	Statement of Net Position
	General Fund		
Cash and cash equivalents	\$ 317,622	\$ -	\$ 317,622
Accounts receivable, net of allowance	1,458,547	-	1,458,547
Prepaid expenses	74,510	-	74,510
Capital assets, net of depreciation	-	1,033,013	1,033,013
TOTAL ASSETS	\$ 1,850,679	1,033,013	\$ 2,883,692
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	\$ -	\$ 488,319	\$ 488,319
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 12,288	-	\$ 12,288
Accrued payroll	29,883	-	29,883
Payroll liabilities	40,553	-	40,553
Noncurrent liabilities:			
Net pension liability	-	1,538,263	1,538,263
TOTAL LIABILITIES	82,724	1,538,263	\$ 1,620,987
DEFERRED INFLOWS OF RESOURCES			
Unavailable ad valorem taxes	23,275	(23,275)	\$ -
Pension related	-	196,981	196,981
TOTAL DEFERRED INFLOWS OF RESOURCES	23,275	173,706	\$ 196,981
FUND BALANCE / NET POSITION			
Fund Balances:			
Nonspendable			
Prepaid expenses	74,510	(74,510)	
Unassigned	1,670,170	(1,670,170)	\$ -
TOTAL FUND BALANCES	1,744,680	(1,744,680)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,850,679	(32,711)	-
Net Position:			
Net investment in capital assets		1,033,013	1,033,013
Unrestricted		521,030	521,030
TOTAL NET POSITION		\$ -	\$ 1,554,043

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

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RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2019

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

Fund Balance, Total Governmental Fund	\$	1,744,680
Capital Assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds		1,033,013
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		488,319
Unavailable ad valorem taxes are reported in the governmental funds but not in the Statement of Net Position		23,275
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Net pension liability		(1,538,263)
Deferred inflows- pension related		<u>(196,981)</u>
Net Position of Governmental Activities	\$	<u><u>1,554,043</u></u>

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

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Logansport, Louisiana

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE / STATEMENT OF ACTIVITIES**
DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

	Governmental Fund Financial Statements		Government-wide Statements	
	Statement of Revenues, Expenditures, and Changes in Fund Balance		Statement of Activities	
EXPENDITURES/EXPENSES	General Fund	Adjustments		
Public safety-fire:				
Personal services & related benefits	\$ 1,007,904	\$ 127,859	\$	1,135,763
Operating expenses	142,321	-		142,321
Material & supplies	116,346	-		116,346
Travel, training & other charges	1,100	-		1,100
Capital outlays	19,742	(19,742)		-
Debt service	81,214	(81,214)		-
Interest expense	3,357	-		3,357
Depreciation	-	152,761		152,761
TOTAL EXPENDITURES/EXPENSES	1,371,984	179,664		1,551,648
PROGRAM REVENUES				
Operating grants and contributions	1,000	-		1,000
Capital grants and contributions	2,870	-		2,870
TOTAL PROGRAM REVENUES	3,870	-		3,870
NET PROGRAM EXPENSE	1,368,114	179,664		1,547,778
GENERAL REVENUES				
Ad valorem taxes	1,465,682	17,008		1,482,690
Intergovernmental revenue- state funds				-
State revenue sharing	3,216	-		3,216
State supplemental pay	58,250			58,250
Insurance dividends	79,578	-		79,578
Other revenues	32	-		32
Interest income	2,489	-		2,489
TOTAL GENERAL REVENUES	1,609,247	17,008		1,626,255
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	241,133	(162,656)		78,477
FUND BALANCE / NET POSITION				
Beginning of the year	1,503,547			1,475,566
End of the year	\$ 1,744,680		\$	1,554,043

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
DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

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

Net Change in Fund Balance, Governmental Fund	\$	241,133
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Capital Outlays		19,742
Depreciation		(152,761)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Payments on capital leases		81,214
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		17,008
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 Expense		(193,713)
Non-employer contributions to cost-sharing pension plan		65,854
Change in Net Postion of Governmental Activities	\$	<u><u>78,477</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, 2019

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

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NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

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, 2019

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. 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, 2019, are recorded as prepaid expenses.

Accounts Receivable

Major receivables for the governmental activities include ad valorem taxes, state revenue sharing, and fire insurance rebates. The Fire District feels that at this time there is no need for an allowance for doubtful accounts for uncollectible ad valorem tax receivables. Accounts receivable are reported in the financial statements net of the allowance account.

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, 2019

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, 2019, are recorded as a receivable. Those net property taxes receivable which were not collected within 60 days immediately following December 31, 2019, 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, 2019

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, 2019, the Fire District has cash and cash equivalents totaling \$317,622 (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, 2019, the Fire District has \$338,455 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and by \$88,455 of pledged marketable securities held by the custodial bank with a fair market value of \$1,071,201.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

3. ACCOUNTS RECEIVABLE

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

Ad valorem taxes	\$ 1,458,547
	<u>\$ 1,458,547</u>

4. CAPITAL ASSETS

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

Governmental Activities	Balance December 31, 2018	Additions	Deletions / Reclassification	Balance December 31, 2019
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated				
Vehicles	2,421,084	-	(55,701)	2,365,383
Buildings	605,465	15,000	-	620,465
Firefighting Equipment	551,302	4,742	(20,165)	535,879
Furniture & Fixtures	55,060	-	-	55,060
Water Rescue Equipment	43,886	-	-	43,886
Station Equipment	126,334	-	-	126,334
Total	<u>3,803,131</u>	<u>19,742</u>	<u>(75,866)</u>	<u>3,747,007</u>
Less accumulated depreciation				
Vehicles	\$ 1,631,111	\$ 110,723	\$ (55,701)	\$ 1,686,133
Buildings	277,510	23,325	-	300,835
Firefighting Equipment	514,541	12,666	(20,165)	507,042
Furniture & Fixtures	52,718	542	-	53,260
Water Rescue Equipment	43,886	-	-	43,886
Station Equipment	117,333	5,505	-	122,838
Total	<u>2,637,099</u>	<u>152,761</u>	<u>(75,866)</u>	<u>2,713,994</u>
Capital assets, net	<u>\$ 1,166,032</u>	<u>\$ (133,019)</u>	<u>\$ -</u>	<u>\$ 1,033,013</u>

Depreciation expense of \$152,761 was charged to the public safety function.

5. 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, 2019
Levy date	June 30, 2019
Tax bills mailed	October 15, 2019
Total taxes are due	December 31, 2019
Penalties & interest added	January 31, 2020
Tax sale	May 15, 2020

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

5. LEVIED TAXES (continued)

The Fire District has authorized and levied a 15.69 ad valorem tax millage for 2019. The resolution assessing a 10.69 mill tax was approved by the district voters May 3, 2014, effective January, 2015, and expires in the year 2020. The resolution assessing a 5 mill tax was approved by the district voters October 14, 2017, effective January, 2018, and expires in the year 2028. 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.

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 \$98,990,736 in 2019. 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 \$4,477,346 in 2019. Total of ad valorem tax revenues recognized in 2019 by the Fire District was \$1,482,690.

The following are the principal taxpayers for the Fire District (2019 amounts):

	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	AD VALOREM TAX REVENUE FOR FIRE DISTRICT
Indigo Minerals LLC	Oil & Gas	19,226,069	19.42%	287,982
Comstock Oil & Gas	Oil & Gas	15,334,400	15.49%	229,704
M5 Louisiana Gathering LLC	Oil & Gas	12,842,498	12.97%	192,334
TGG Pipeline, LTD	Oil & Gas	9,036,550	9.13%	135,390
Enterprise Gathering LLC	Oil & Gas	5,091,254	5.14%	76,222
Regency Field Services LLC	Oil & Gas	3,156,636	3.19%	47,305
Covey Park Operating LLC	Oil & Gas	2,207,430	2.23%	33,069
Franks Operating Company LLC	Oil & Gas	1,890,214	1.91%	28,324
Brookston Energy, Inc.	Oil & Gas	1,629,622	1.65%	24,468
M5 Specialized Water Services LLC	Oil & Gas	1,508,017	1.52%	22,540
Total		<u>71,922,690</u>	<u>72.65%</u>	<u>1,077,338</u>

6. PENSION PLAN – Firefighters' Retirement System of Louisiana

Plan Description – All full-time firefighters, who earn at least \$375 per month, of the Fire District are members of the Firefighters' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at ffret.com.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana 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.

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

6. PENSION PLAN (continued)

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. 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 (IDO) 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 IDO 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). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of "X x (A+B)," where "X" is any amount up to \$1 per month, and "A" is equal to the

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

6. PENSION PLAN (continued)

number of years of credited service accrued at retirement or at death of the member of retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

Contributions – According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2018, employer and employee contribution rates for members above the poverty line were 26.50% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.00%, respectively.

The Fire District's employer contributions to the System for the years ending December 31, 2019, 2018, and 2017, were \$160,178, \$159,301, and \$149,297, respectively, equal to the required contributions for each year.

The total employees' portion paid for the years ended December 31, 2019, 2018, and 2017, were \$55,020, \$58,985 and \$58,255, respectively.

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

At December 31, 2019, the DeSoto Parish Fire Protection District No. 1 reported a liability of \$1,538,263 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2019, 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, 2019, (Plan's measurement date), the Fire District's proportion was 0.245654% which was a decrease of 0.00446% from the proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Fire District recognized pension expense of \$193,713, representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

At December 31, 2019, 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	\$ 103,444	\$ 110,962
Changes of assumptions	139,945	112
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in employer's proportion of beg NPL	167,730	79,168
Differences between employer and proportionate share of contributions	4,195	6,739
Employer contributions subsequent to the measurement date	73,005	-
Total	<u>\$ 488,319</u>	<u>\$ 196,981</u>

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

6. PENSION PLAN (continued)

The Fire District reported a total of \$73,005 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended December 31, 2020. 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,		
2020	\$	102,304
2021		17,752
2022		72,359
2023		21,568
2024		2,610
2025		1,740
Total	\$	<u>218,333</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years, closed period
Investment Rate of Return	7.15% per annum (net of investment expenses, including inflation) (Decreased from 7.3% in 2018)
Projected Salary Increases	Vary from 14.75% in the 1st 2 years of service to 4.50% with 25 of more years of service, includes inflation and merit increases
Inflation Rate	2.5% (Decreased from 2.70% in 2018)
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	RP 2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables, projected to 2031 using Scale AA
Active Members Mortality	RP 2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables, projected to 2031 using Scale AA
Disabled Lives Mortality	RP 2000 Disabled Lives Mortality Tables set back five years for males and three years for females

Investment Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, of 2.75%. The resulting long-term expected arithmetic nominal return was 7.94% as of June 30, 2019.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

6. PENSION PLAN (continued)

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, 2019, are summarized in the following table:

Asset Class	Long-term expected real rate of 2019
U.S. Equity	5.98%
Non-U.S. Equity	7.52%
Global Equity	6.59%
Fixed Income	2.17%
Real estate	4.14%
Private Equity	10.52%
Global Tactical Asset Allocation	4.37%
Risk Parity	4.67%

Discount Rate - 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 contributions from the participating employers and non-employer contributing entities will be made at actuarially determined contributions rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on these assumptions and the other assumptions and methods as specified in this report, the pension plan'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.

Sensitivity to Changes in Discount Rate – The following presents the net pension liability of the fund calculated using the discount rate of 7.15%, 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 (6.15%) or one percentage point higher (8.15%) than the current discount rate:

	Discount rate	Fire District's proportionate share of net pension liability
1% decrease	6.15%	\$2,227,509
Current discount rate	7.15%	\$1,538,263
1% increase	8.15%	\$959,763

Change in Net Pension Liability – The changes in the net pension liability for the year ended December 31, 2019, 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 \$103,444 and a deferred inflow of resources in the amount of \$110,962 for the year ended December 31, 2019.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

6. PENSION PLAN (continued)

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/outflow of \$0 for the year ended December 31, 2019.

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 \$139,945 and a deferred inflow of resources in the amount of \$112 for the year ended December 31, 2019.

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 \$167,730 and a deferred inflow of resources in the amount of \$79,168 for the year ended December 31, 2019.

7. 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, 2019.

8. LITIGATION

There is no litigation pending against the Fire District, at December 31, 2019, nor is it aware of any unasserted claims.

9. 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.

10. COMPENSATION PAID TO BOARD MEMBERS

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019

11. 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. The agreement is undated and terminated June 30, 2020.

12. SUBSEQUENT EVENTS

Management has evaluated events through September 30, 2020, which is the date the financial statements were available. There is one subsequent event that requires disclosure. The Cooperative Endeavor agreement mentioned in Note 11 had not been renewed after it terminated on June 30, 2020, however dispatch services were still being provided.

In the spring of 2020, there was a global outbreak of a new strain of coronavirus, COVID-19. The public health crisis caused volatile economic conditions, impacting financial markets and disrupting general business activities across the United States. The timing and extent of the impact of COVID-19 on the Library's current and future operations is unknown at the date of this report.

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, 2019

	Budgeted Amounts		Actual	Adjustments to Budgetary Basis	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final				
Revenues						
Ad valorem taxes	\$ 1,170,000	\$ 1,182,735	\$ 1,465,682	\$ (304,725)	1,160,957	(21,778)
Intergovernmental revenue- state funds						-
Fire insurance rebate	15,000	15,000	-	15,641	15,641	641
State revenue sharing	-	16,520	3,216	-	3,216	(13,304)
State supplemental pay	66,000	66,000	58,250	-	58,250	(7,750)
Forestry grant	-	2,870	2,870	-	2,870	-
Contributions	-	1,000	1,000	-	1,000	-
Other revenues	-	81,609	79,610	-	79,610	(1,999)
Interest income	-	-	2,489	-	2,489	2,489
Total Revenues	<u>1,251,000</u>	<u>1,365,734</u>	<u>1,613,117</u>	<u>(289,084)</u>	<u>1,324,033</u>	<u>(41,701)</u>
Expenditures						
Current public safety-fire:						
Personal services & related benefits	864,000	818,754	1,007,904	-	1,007,904	(189,150)
Operating expenses	199,220	263,171	142,321	(7,868)	134,453	128,718
Materials & supplies	120,800	134,250	116,346	(544)	115,802	18,448
Travel, training & other charges	12,000	1,115	1,100	-	1,100	15
Capital outlays	-	-	19,742	-	19,742	(19,742)
Debt service:						
Principal payments	42,950	84,571	81,214	-	81,214	3,357
Interest expense	-	-	3,357	-	3,357	(3,357)
Total Expenditures	<u>1,238,970</u>	<u>1,301,861</u>	<u>1,371,984</u>	<u>(8,412)</u>	<u>1,363,572</u>	<u>(61,711)</u>
Net Change in Fund Balance	12,030	63,873	241,133	(280,672)	(39,539)	(177,261)
Fund balance, beginning of year	<u>1,503,547</u>	<u>1,503,547</u>	<u>1,503,547</u>	<u>-</u>	<u>1,503,547</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,515,577</u>	<u>\$ 1,567,420</u>	<u>\$ 1,744,680</u>	<u>\$ (280,672)</u>	<u>\$ 1,464,008</u>	<u>\$ (177,261)</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 year ended December 31, 2019

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	\$ 534,836	199%	85.57%
2016	0.26200%	\$ 1,713,736	\$ 601,442	285%	90.68%
2017	0.24968%	\$ 1,431,105	\$ 585,165	245%	95.61%
2018	0.25011%	\$ 1,438,646	\$ 403,426	357%	95.46%
2019	0.24565%	\$ 1,538,263	\$ 414,330	371%	94.12%

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

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

For year ended December 31, 2019

<u>Year</u>	<u>Statutorily Required Contributions</u>	<u>Contributions in Relation to Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Firefighters' Retirement System of Louisiana					
2015	\$ 150,890	\$ 150,890	\$ -	\$ 534,836	28.21%
2016	\$ 160,829	\$ 160,829	\$ -	\$ 601,442	26.74%
2017	\$ 151,453	\$ 151,453	\$ -	\$ 585,165	25.88%
2018	\$ 158,482	\$ 158,482	\$ -	\$ 403,426	39.28%
2019	\$ 151,234	\$ 151,234	\$ -	\$ 414,330	36.50%

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

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, 2019

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 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 revenues were less than budgeted revenues by 3.05%. Actual expenditures were more than budgeted amounts by 4.74%. The DeSoto Fire District is in compliance with the Local Government Budget Act.

Pension Information

The pension schedules are intended to show information for ten years. Additional years will be displayed as they become available.

In February of 2017 the Firefighters' Retirement System Board of Trustees adopted a recommendation to reduce the long-term rate of return assumption. Based on analysis a plan was approved to reduce the 7.5% valuation interest rate in effect for the fiscal year 2016 actuarial valuation to 7.00% over the coming five actuarial valuations with reductions of 0.10% each year. The fiscal year 2019 actuarial valuation was scheduled to be run at a 7.20% valuation interest rate. However, a review found that the scheduled rate of 7.20% was no longer inside the reasonable range. Therefore, the assumed rate of return for the fiscal year 2019 valuation was further reduced to 7.15%.

The System's reductions in the valuation interest have been in part based upon a reduction in the expected long-term inflation rate. Therefore, the assumed long-term inflation rate has also been reduced over the same period. For fiscal year 2019, an assumed rate of inflation of 2.50% was implicit in the assumed rate of return down from 2.70% in 2018.

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

	Rusty Canton	Mark Magee
	Fire Chief	Fire Chief
	Jan-May 2019	May-December 2019
	<u>50,318</u>	<u>52,618</u>
Salary	50,318	52,618
Benefits-insurance	5,995	16,879
Benefits- retirement	10,392	14,500
Benefits - payroll taxes	730	763
Car allowance	-	-
Vehicle provided by government	-	-
Per diem	-	-
Reimbursements	-	-
Travel	-	-
Registration fees	-	-
Dues	128	128
Training	-	-
Housing	-	-
Unvouchered expenses	-	-
Special meals	-	-
Total	<u>\$ 67,563</u>	<u>\$ 84,888</u>

See independent auditor's report.

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING
STANDARDS*



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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, 2019, 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 September 30, 2020.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses and are listed as 2019-01 and 2019-02.

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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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: 2019-03, 2019-04, and 2019-05.

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
September 30, 2020

AUDIT FINDINGS

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1
Logansport, Louisiana

Schedule of Findings and Responses
For the Year ended December 31, 2019

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, 2019, and have issued our report thereon dated September 30, 2020. 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, 2019, resulted in an unmodified opinion.

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER THE FINANCIAL REPORTING:

Internal Control

Significant Deficiency
Material Weaknesses

Yes

No

Yes

No

Compliance

Compliance Material to Financial Statements

Yes

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

2019-01. Inadequate design of internal control over financial statement preparation.

Criteria: Effective for financial statements ending on or after December 15, 2006, Statements on Auditing Standards 112 expands management's responsibility to ensure the propriety and completeness of the financial statements and related footnotes.

Condition: The Fire District's staff responsible for preparation of the financial statements and related footnote disclosures in accordance with generally accepted accounting principles (GAAP) lacks the resources necessary to internally complete the reporting requirements.

Finding: The Desoto Parish Fire Protection District No. 1's staff responsible for preparation of the financial statements and related footnote disclosure in accordance with generally accepted accounting principles (GAAP) lacks the resources and/or knowledge necessary to internally complete the reporting requirements.

Effect: The Fire District's management 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 or review the auditor's preparation of the financial statements and related footnote disclosures in accordance with GAAP, or 2) determine if the cost of 1) overrides the benefit of correcting this control deficiency.

2019-02. Inadequate Information in Board Meeting Minutes.

Criteria: Although Board meeting minutes need not be a verbatim account of a meeting, they should contain sufficient information to ensure the board is following recommended best practices so that information the public body may consider useful is reflected and transparent.

Condition: Board meeting minutes did not reflect best practice items expected by the public.

Finding: Minutes indicate financial statements were read, but they do not reflect that a budget-to-actual comparison was being reviewed to ensure the board was effectively monitoring their budget. There is no indication that officers were appointed at the beginning of the fiscal year, nor which board member serves as the actual chairman. There was no indication that an official journal was selected during the year as required by R.S. 43:171. Notice for regular meetings established by resolution was not given at the beginning of the calendar year.

Meeting minutes for each previous meeting are approved, however there is no indication which month's meeting minutes were being accepted. There were two months of the audit period where no meeting minutes were provided. There was no information provided indicating these meetings were not held due to a lack of a quorum or other extenuating circumstance.

Effect: Without sufficient detail in their board minutes, it is not visibly transparent to the public that the board is fulfilling their required fiduciary duties.

Recommendation: The board should review best practices and other items required by law to be included in their minutes.

FINDINGS RELATED TO COMPLIANCE

2019-03. Delinquent payment of payroll taxes.

Criteria: Federal payroll taxes withheld from employees' wages must be remitted in a timely manner as required by the Internal Revenue Service. Based on payroll withholdings, DeSoto Fire District No 1 is required to make (at the least) monthly deposits.

Condition: Federal payroll taxes for the months of October and November 2019 were not paid until January 2020.

Finding: Federal payroll taxes were not paid in a timely manner as required by the Internal Revenue Service.

Effect: Failure to make timely payroll deposits subjects the Fire District to failure-to-deposit penalties and unnecessary interest expense.

Recommendation: The Fire District should become familiar with their required deposit schedule and ensure all payroll taxes and payroll liabilities are paid in a timely manner to avoid penalties and interest.

2019-04. Disproportionate employer contributions to employees' health insurance premiums.

Criteria: The U.S. Equal Opportunity Employment Commission, responsible for enforcing federal laws that make it illegal to discriminate in the workplace, states that an employer must non-discriminatorily provide all similarly situated employees the same opportunity to enroll in any health plan it offers and must ensure that the terms of its health benefits are non-discriminatory.

Condition: Tests of the Fire District's payroll and payroll withholdings indicated disproportionate employer contributions to employees' cost of health insurance.

Finding: It was determined during tests of payroll and payroll withholdings, that employees with identical or similar health insurance coverage were not contributing identical or similar amounts from their payroll withholdings. The Fire District was not updating employees' health insurance withholdings when the cost of premiums changed from the health insurance provider. In addition, the Fire District was accounting for all employee withholdings, employer contributions, and payments to the provider in a single general ledger account therefore netting them all in a single expense account.

Effect: Disproportionate employer contributions to employees' health insurance premiums, whether due to error or neglect, could appear gratuitous and discriminatory to certain employees and in violation of federal laws. Had the payroll liabilities and expenses been accounted for properly, the error could have been detected in a timelier manner.

Recommendation: Because the current monthly invoices from the health insurance provider do not break out employee and employer contributions on their statements, the Fire District needs to contact their provider for this information and correct employees' withholdings as soon as possible to prevent further disparities. The Fire District needs to have a non-discriminatory written policy and procedure on how health insurance benefits are provided, employees withholdings are maintained in the accounting system, and how health insurance will be accounted for in the general ledger. Management should review the health insurance liability accounts regularly to ensure there are no discrepancies in the payments of premiums each month.

2019-05. 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: Multiple board members 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.

DESOTO PARISH FIRE PROTECTION DISTRICT NO. 1

Logansport, Louisiana

Schedule of Prior Year Findings
For the Year ended December 31, 2019

2018-01; Violation of State Audit Law – late filing.

Resolved



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MANAGEMENT'S RESPONSE TO THE AUDIT FINDINGS

2019-01. Inadequate design of internal control over financial statement preparation.

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.

2019-02. Inadequate Information in Board Meeting Minutes.

Management's Response: The Board and Management will be more diligent and cognizant to include those items required by law and expected of the public in each board meeting minutes. We will reference when meetings are cancelled or do not have a quorum to conduct a meeting in accordance with law.

2019-03. Delinquent payment of payroll taxes.

Management's Response: Management agrees with this finding. We have familiarized ourselves with the deposit schedule required by the IRS and will ensure all payroll taxes and payroll liabilities are paid in a timely manner to avoid penalties and interest.

2019-04. Disproportionate employer contributions to employees' health insurance premiums.

Management's Response: Management will put in place written policies and procedures regarding health insurance. We will contact the health insurance provider to ask them to begin breaking out the employee and employer contribution amounts on their statements. We will update employees' withholdings and correct the accounting for health insurance in the general ledger as soon as possible. Management will be more diligent about reviewing the monthly balance sheet for discrepancies in the health insurance liability.

2019-05. Noncompliance with the Louisiana Code of Governmental Ethics.

Management's Response: The Fire District will appoint a member of our staff to oversee that all employees and appointed officials complete their annual ethics training.

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