

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

**ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2020**

DeSoto Parish Fire Protection District No. 3  
Mansfield, Louisiana

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**INDEPENDENT AUDITOR'S REPORT**

DeSoto Parish Fire Protection District No. 3  
P.O. Box 329  
Stonewall, Louisiana 71078

We have audited the accompanying financial statements of the governmental activities and major fund of the DeSoto Parish Fire Protection District No. 3 (District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 major fund of the District, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 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 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the District's primary government. The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required/other supplementary information in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate 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 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 Budgetary Comparison Schedule and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

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

August 20, 2021

## **DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

December 31, 2020

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the DeSoto Parish Fire Protection District No. 3 (Fire District), we offer the readers of our annual financial report our discussion and analysis of the Fire District's financial performance during the fiscal year that ended on December 31, 2020. Please read it in conjunction with the Fire District's financial statements, which follow this section.

The Fire District was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Parish Fire Protection District No. 3.

### **FINANCIAL HIGHLIGHTS**

DeSoto Parish Fire Protection District No. 3 experienced an increase in its total net position of \$151,186 or 12.34% during the year. At December 31, 2020, the assets of the Fire District exceeded its liabilities by \$1,376,182.

Unrestricted net position of \$913,967 (66.41% of total net position) represents the amount available to be used to meet the Fire District's ongoing obligations to its citizens. The remaining 33.59% of net position (\$462,215) is net investment in capital assets.

The District recognized \$463,464 in ad valorem tax revenue in 2020. This is an increase of \$35,833 or 8.38% from 2019.

The District recognized \$141,239 in assessment fees revenue in 2020. This is an increase of \$4,039 or 2.94% from 2019.

The District's total expenses of \$482,771 (net of \$61,160 of depreciation) in 2020 were a decrease of \$9,564 or 1.94% from \$492,335 in 2019.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

#### **Government-Wide Financial Statement**

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

## **DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

**December 31, 2020**

### **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 fulfill the requirements of Louisiana Revised Statute 24:513(A)(3).

### **FINANCIAL ANALYSIS OF THE FIRE DISTRICT AS A WHOLE**

The comparison of net position from year to year serves to measure a government's financial position. As of December 31, 2020, The Fire District's assets exceed its liabilities by \$1,376,182 (net position).

At December 31, 2020, \$462,215 or 33.59% of the Fire District's net position reflects capital assets with a historical cost of \$1,920,319 less accumulated depreciation of \$1,458,104.

Cash increased \$103,017 (36.52%) from \$282,066 in 2019 to \$385,083 at December 31, 2020.

Total net accounts receivable increased \$37,106 or 7.38%. Net parcel fees receivable increased \$4,388 (4.16%) from \$105,550 in 2019 to \$109,938 at December 31, 2020. Ad valorem tax receivable increased \$32,653 (8.22%) from \$397,279 in 2019 to \$429,932 at December 31, 2020.

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

December 31, 2020

Total liabilities for the Fire District decreased \$2,014 or 9.43% from 2019. Liabilities of the Fire District consist of accrued payroll, payroll taxes payable and operating expenses payable.

A Summary of Statement of Net Position is as follows:

ASSETS	Governmental Activities		
	2020	2019	% Change
Cash and cash equivalents	\$ 385,083	\$ 282,066	37%
Accounts receivable, net (see note 3)	539,935	502,829	7.38%
Prepaid expenses	8,287	7,945	4%
Capital assets, net of accumulated depreciation	462,215	453,508	2%
Total assets	<u>\$ 1,395,520</u>	<u>\$ 1,246,348</u>	<u>12%</u>
LIABILITIES			
Current liabilities	\$ 19,338	\$ 21,352	-9%
Total liabilities	<u>\$ 19,338</u>	<u>\$ 21,352</u>	<u>-9%</u>
NET POSITION			
Net investment in capital assets	\$ 462,215	\$ 453,508	2%
Unrestricted	913,967	771,488	18%
Total net position	<u><u>\$ 1,376,182</u></u>	<u><u>\$ 1,224,996</u></u>	<u><u>12%</u></u>

The following schedule compares revenues and expenses for the current and previous year. Total revenues increased by 13.26% (\$81,392) since last year. This increase was primarily due to an increase in Ad Valorem tax revenue and two non-cash, capital asset donations received in 2020. Approximately 66.67% of the Fire District's total revenues come from property taxes, 20.32% from assessment fees, and 8.0% from grants and donations. Total expenses decreased 2.02% (\$11,196) over the prior year.



**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3****Stonewall, Louisiana****December 31, 2020**

A Summary of Statement of Activities is as follows:

	Governmental Activities		
	2020	2019	% Change
Program Revenues:			
Charges for Services-Parcel fees	\$ 141,239	\$ 137,200	3%
Grants & Contributions	55,632	3,668	1417%
General Revenues:			
Ad valorem taxes	463,464	427,631	8%
Intergovernmental revenues	25,264	25,844	-2%
Interest income	1,116	1,269	-12%
Other Revenue	8,402	18,113	-54%
Total revenues	695,117	613,725	13%
Expenses			
Public Safety	543,931	555,127	-2%
Total expenses	543,931	555,127	-2%
Increases (Decrease) in net position	151,186	58,598	158%
Net Position beginning	1,224,996	1,166,398	5%
Net Position, ending	\$ 1,376,182	\$ 1,224,996	12%

**FINANCIAL ANALYSIS OF THE FIRE DISTRICT'S GOVERNMENTAL FUNDS**

For the year ended December 31, 2020, differences between the government-wide presentation and the fund financial statements were due to depreciation associated with capital assets, changes in prepaid expenses and unavailable revenues.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Fire District adopted a budget for its General Fund for the year ended December 31, 2020. Actual revenues were \$16,257 over the final budget. Actual expenses were less than the budgeted amounts by \$9,678. The budget was amended once during the year. The Fire District is in compliance with the Local Government Budget Act.

**DEBT ADMINISTRATION**

The DeSoto Parish Fire Protection District No. 3 does not currently carry any indebtedness other than normal trade payables.

**CAPITAL ASSETS**

The Fire District capital asset purchases for 2020 include a replacement of a 20x12 door for the Stonewall Fire Station, an overhaul of a 2007 Chevy Silverado, and two donated capital assets being land located at 1460 HWY 171 in Stonewall and a 2011 Chevy Tahoe.

## **DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

December 31, 2020

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Due to the COVID-19 pandemic, the United States has experienced volatile economic conditions and disruption of general business activities. It is unknown how this will affect the Fire District's operations in the coming year at the date of this report. At the present time, the Fire District has not experienced any major impact from the pandemic.

The primary revenue source for the Fire District is ad valorem property taxes. This tax is not subject to changes in the economy in the short-term. However, in the long-term, the ability to sustain this income could affect the Fire District's revenue. The budget for fiscal year 2021 should not change significantly from the fiscal year end 2020 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. 3 and to show the Fire District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Greg Baker, Chairman, at P. O. Box 329, Stonewall, Louisiana, 71078 or call at (318) 925-0087.

## BASIC FINANCIAL STATEMENTS

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

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

December 31, 2020

	Governmental Funds Financial Statements		Government-wide Statements
	<u>Balance Sheet</u>		<u>Statement of</u>
	General Fund	Adjustments	<u>Net Position</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 385,083	\$ -	\$ 385,083
Ad valorem tax receivables	429,932	-	429,932
Assessment fee and other receivables	110,003	-	110,003
Prepaid expenses	-	8,287	8,287
Capital assets, net of accumulated depreciation	-	462,215	462,215
<b>TOTAL ASSETS</b>	<u>925,018</u>	<u>470,502</u>	<u>1,395,520</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	7,240	-	7,240
Payroll liabilities	12,098	-	12,098
<b>TOTAL LIABILITIES</b>	<u>19,338</u>	<u>-</u>	<u>19,338</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable ad valorem taxes	8,287	(8,287)	-
Unavailable assessment fees	10,215	(10,215)	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>18,502</u>	<u>(18,502)</u>	<u>-</u>
<b>FUND BALANCE / NET POSITION</b>			
Fund Balance:			
Unassigned	887,178	(887,178)	-
<b>TOTAL FUND BALANCE</b>	<u>887,178</u>	<u>(887,178)</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 925,018</u>	<u>(905,680)</u>	<u>-</u>
Net Position:			
Net investment in capital assets		462,215	462,215
Unrestricted		913,967	913,967
<b>TOTAL NET POSITION</b>		<u>\$ -</u>	<u>\$ 1,376,182</u>

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

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

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

December 31, 2020

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

Fund Balance - Governmental Fund	\$ 887,178
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current fiscal year	8,287
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds	462,215
Unavailable revenues are reported as deferred inflows of resources in the governmental funds, but are reflected as income in the Government-wide statement	
Deferred ad valorem taxes	8,287
Deferred assessment fees	10,215
	<hr/>
Net Position of Governmental Activities	\$ <u><u>1,376,182</u></u>

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

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

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

For the year ended December 31, 2020

	Governmental Funds Financial Statements		Government-wide Statements	
	<b>Statement of Revenues Expenditures, and Changes in Fund Balance</b>		<b>Statement of Activities</b>	
	General Fund	Adjustments		
<b>EXPENDITURES/EXPENSES</b>				
Public Safety-Fire				
Personnel and related benefits	\$ 323,278	\$ -	\$ 323,278	
Materials and supplies	136,330	(342)	135,988	
General and administrative	23,505	-	23,505	
Capital outlays	69,867	(69,867)	-	
Depreciation	-	61,160	61,160	
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>552,980</b>	<b>(9,049)</b>	<b>543,931</b>	
<b>PROGRAM REVENUES</b>				
Charges for services	141,824	(585)	141,239	
Operating grants & contributions	1,632	-	1,632	
Capital grants & contributions	54,000	-	54,000	
<b>TOTAL PROGRAM REVENUES</b>	<b>197,456</b>	<b>(585)</b>	<b>196,871</b>	
NET PROGRAM EXPENSE	(355,524)	8,464	(347,060)	
<b>GENERAL REVENUES</b>				
Ad valorem taxes	464,928	(1,464)	463,464	
Interest earnings	1,116	-	1,116	
Fire insurance rebate	13,264	-	13,264	
State Supplemental Pay	12,000	-	12,000	
Other income	8,402	-	8,402	
<b>TOTAL GENERAL REVENUES</b>	<b>499,710</b>	<b>(1,464)</b>	<b>498,246</b>	
<b>EXCESS OF REVENUES OVER EXPENDITURES / CHANGE IN NET POSITION</b>	<b>144,186</b>	<b>7,000</b>	<b>151,186</b>	
<b>FUND BALANCE / NET POSITION</b>				
Beginning of the year	742,992		1,224,996	
End of the year	\$ <u>887,178</u>		\$ <u>1,376,182</u>	

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

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the year ended December 31, 2020

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

Net Change in Fund Balances, Governmental Funds	\$ 144,186
Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable to current periods are recognized.	342
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:	
The amount by which capital outlays (\$69,867) exceeded the depreciation (\$61,160) in the current period.	8,707
Because of the timing of actual receipt, some revenues are not considered "available" to pay current obligations and are not reported in the governmental funds.	
Change in deferred ad valorem taxes	(1,464)
Change in deferred assessment fees	(585)
Change in Net Position of Governmental Activities	\$ <u>151,186</u>

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

## NOTES TO FINANCIAL STATEMENTS



# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

## Stonewall, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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## INTRODUCTION

DeSoto Parish Fire Protection District No. 3 was created by the DeSoto Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492 on July 22, 1987. The Fire District is governed by a five-member board appointed in accordance to LRS 40:1496 as follows: two members by the Police Jury, two members by the Town of Stonewall, and one, the chairman, by the other four members. The Fire District is responsible for maintaining and operating five fire stations and related equipment, and providing fire protection and rescue services to approximately 7,200 residents in the northern part of the parish. The Fire District is staffed by 15 part-time employees and around 40 volunteers.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The more significant accounting policies established by GAAP and used by the DeSoto Parish Fire Protection District No. 3 are discussed below.

### A. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the governmental reporting entity and which component units should be included within the reporting entity. Under provisions of this Statement, the DeSoto Parish Fire Protection District No. 3 was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the Fire District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### B. BASIS OF PRESENTATION

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

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

## Stonewall, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

##### B. BASIS OF PRESENTATION (continued)

###### **Government-Wide Financial Statements**

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

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

###### **Fund Financial Statements**

The accounts of the Fire District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. A fund is considered major if it is the primary operating fund of the entity. The one fund of the Fire District is classified as a major governmental fund and is described below:

General Fund. The General Fund is the principal fund of the Fire District and is used to account for the operations of the Fire District. General operating expenditures are paid from this fund.

##### C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING

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

###### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

#### C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING (continued)

(whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

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

#### **Basis of Accounting**

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

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

However, debt service expenditures are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

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

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.

# DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

## Stonewall, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

##### D. ASSETS, LIABILITIES AND EQUITY

##### **Cash and Interest-bearing Deposits**

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

##### **Prepaid Expenses**

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

##### **Accounts Receivable**

Major receivables for the governmental activities include ad valorem taxes and assessment fees. The Fire District feels that at this time there is no need for an allowance for doubtful accounts for uncollectible ad valorem tax or assessment fees receivables.

##### **Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire District maintains a threshold level of \$2,500 or more for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

## DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

### Stonewall, Louisiana

#### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

##### Unavailable revenues

Under the modified accrual basis of accounting, the Fire District's governmental funds will not recognize revenue until they are available (collected no later than 60 days after the Fire District's year end). Accordingly, ad valorem taxes assessed yet paid under protest are reported as unavailable revenues in the governmental funds balance sheet only.

##### 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 Fire District's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – Consists of all other net position that does not meet the definition of the above two components and is available for general use by the Fire District.

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

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

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

## DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3

Stonewall, Louisiana

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

##### D. ASSETS, LIABILITIES AND EQUITY (continued)

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

The General Fund, the Fire District's only governmental fund, has an unassigned fund balance of \$887,178.

##### E. USE OF ESTIMATES

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

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

At December 31, 2020, the Fire District has cash and interest-bearing deposits totaling \$385,083 (book balance).

The cash of the DeSoto Parish Fire Protection District No. 3 are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Fire District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Fire District's name.

At December 31, 2020, the Fire District had \$385,228 in deposits (collected bank balances). These deposits were secured from risk by \$250,000 of federal deposit insurance and \$135,228 in pledged securities with a market value of \$642,765.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3****Stonewall, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

**3. ACCOUNTS RECEIVABLES**

The following is a summary of receivables at December 31, 2020:

Service charge assessment fees receivable	\$ 109,939
Ad valorem tax receivables	429,932
Other accounts receivable	65
Total accounts receivable	<u>\$ 539,936</u>

**4. CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2020 are as follows:

Governmental Activities	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Capital assets not being depreciated:				
Land	\$ 11,450	\$ 45,000	-	\$ 56,450
Capital assets being depreciated:				
Vehicles	1,106,312	20,017	-	1,126,329
Buildings	462,033	4,850	-	466,883
Firefighting Equipment	258,847	-	-	258,847
Office Equipment	11,810	-	-	11,810
Total assets being depreciated	<u>1,839,002</u>	<u>24,867</u>	<u>-</u>	<u>1,863,869</u>
Less Accumulated Depreciation				
Vehicles	992,416	34,022	-	1,026,438
Buildings	167,910	14,799	-	182,709
Firefighting Equipment	224,807	12,339	-	237,146
Office Equipment	11,811	-	-	11,811
Total	<u>1,396,944</u>	<u>61,160</u>	<u>-</u>	<u>1,458,104</u>
Capital Assets, Net	<u>\$ 453,508</u>	<u>\$ 8,707</u>	<u>-</u>	<u>\$ 462,215</u>

Depreciation expense of \$61,160 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.

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3****Stonewall, Louisiana****NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

**5. LEVIED TAXES (continued)**

The property tax calendar is as follows:

Assessment date	January 1, 2020
Levy date	June 30, 2020
Tax bills mailed	October 15, 2020
Total taxes are due	December 31, 2020
Penalties & interest added	January 31, 2021
Tax sale	May 15, 2021

The Fire District has authorized 10.00 and 9.82 levied ad valorem millage for 2020. The resolution assessing the taxes was approved by the district voters November 21, 2015, effective January, 2016, and expires in the year 2025. The assessment is to cover the cost of 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 \$61,579,804 in 2020. 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 \$14,191,866 in 2020. Total of ad valorem tax revenues recognized in 2020 by the Fire District was \$463,464.

The following are the principal taxpayers for the Fire District (2020 amounts):

	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	AD VALOREM TAX REVENUE FOR FIRE DISTRICT
GEP Haynesville, LLC	Oil & Gas	\$ 4,247,742	6.90%	\$ 32,008
Chesapeake Operating, LLC	Oil & Gas	2,848,411	4.63%	21,478
Chesapeake Operating, Inc	Oil & Gas	2,175,649	3.53%	16,375
Magnolia Midstream Gas Services	Oil & Gas	1,949,337	3.17%	14,705
Stonewall Ford, Inc.	Auto Dealer	1,187,662	1.93%	8,953
Exco Operating Company	Oil & Gas	1,078,205	1.75%	8,118
Marketplace Chevy/Buick	Auto Dealer	882,515	1.43%	6,634
Paterson UTI Drilling Company	Oil & Gas	673,000	1.09%	5,056
MAW Real Estate, LLC	Real Estate	610,197	0.99%	4,592
Indigo Minerals LLC	Oil & Gas	585,884	0.95%	4,407
Total		\$ 16,238,602	26.37%	\$ 122,326



## **DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

### **Stonewall, Louisiana**

#### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

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#### **5. LEVIED TAXES (continued)**

##### *Parcel fees*

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

The Fire District assessed \$141,824 in service charges in 2020, and recognized \$141,239 in revenue.

#### **6. RETIREMENT COMMITMENTS**

All employees of the DeSoto Parish Fire Protection District No. 3 are members of the Federal Social Security System. The Fire District and its employees contribute a percentage of each employee's salary to the System (6.2% by the employee). The Fire District's contribution during the year ended December 31, 2020, amounts to \$18,385.

#### **7. COOPERATIVE ENDEAVOR AGREEMENTS**

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

#### **8. LEASE AGREEMENTS**

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

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

## **DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**

**Stonewall, Louisiana**

### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2020

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#### **9. RISK MANAGEMENT**

The Fire District is exposed to various risks of loss related to limited torts, theft of or damage to and destruction of assets and errors and omissions. To handle some of the risk, the Fire District maintains surety bond coverage. No settled claims from these risks have exceeded insurance coverage in the last three years. There were no significant changes to insurance coverage during the year ended December 31, 2020.

#### **10. LITIGATION**

There is no litigation pending against the Fire District, at December 31, 2020, nor is it aware of any unasserted claims.

#### **11. 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. The Fire District had no identified related party transactions for the year ended December 31, 2020.

#### **12. COMPENSATION PAID TO BOARD MEMBERS**

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

#### **13. SUBSEQUENT EVENTS**

Management has performed an evaluation of the Fire District's activities through August 20, 2021, and has concluded that there were two significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

In June 2021, the Fire District approved the purchase of two pumper trucks at the state contracted price totaling \$715,648. One will be purchased with Fire District funds and the other will be financed with a lease-purchase agreement.

In April 2021, the Fire District received \$210,000 for land that was advertised for sale in late 2020.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the year ended December 31, 2020

	Budgeted Amounts			Adjust to	Actual	Variance with
	Original	Final	Actual	Budgetary	Amounts	Final Budget
				Basis	(Budgetary	Positive
					Basis)	(Negative)
<b>Revenues</b>						
Service charge parcel fees	\$ 137,350	\$ 137,350	\$ 141,824	\$ (3,802)	\$ 138,022	\$ 672
Ad valorem taxes	428,168	428,168	464,928	(31,189)	433,739	5,571
Intergovernmental revenue- state funds						
Fire insurance rebate	13,000	13,000	13,264		13,264	264
State Supplemental Pay	12,000	12,000	12,000		12,000	-
Contributions	-	-	1,632		1,632	1,632
Non-cash contributions	-	-	54,000	(54,000)	-	-
Other revenues	100	100	8,402		8,402	8,302
Interest income	1,300	1,300	1,116		1,116	(184)
Total Revenues	<u>591,918</u>	<u>591,918</u>	<u>697,166</u>	<u>(88,991)</u>	<u>608,175</u>	<u>16,257</u>
<b>Expenditures</b>						
Current:						
Public safety-fire						
Personal and related benefits	337,150	337,150	323,278	1,299	324,577	12,573
Materials and supplies	153,000	153,000	136,330	993	137,323	15,677
General and administrative	20,800	20,800	23,505		23,505	(2,705)
Capital outlays	-	-	69,867	(54,000)	15,867	(15,867)
Total Expenditures	<u>510,950</u>	<u>510,950</u>	<u>552,980</u>	<u>(51,708)</u>	<u>501,272</u>	<u>9,678</u>
Net Change in Fund Balance						
before other financing sources	<u>80,968</u>	<u>80,968</u>	<u>144,186</u>	<u>(37,283)</u>	<u>106,903</u>	<u>25,935</u>
Net Change in Fund Balance	80,968	80,968	144,186	(37,283)	106,903	25,935
Fund balances, beginning of year	742,992	742,992	742,992	-	742,992	-
Fund balances, end of year	<u>\$ 823,960</u>	<u>\$ 823,960</u>	<u>\$ 887,178</u>	<u>\$ (37,283)</u>	<u>\$ 849,895</u>	<u>\$ 25,935</u>

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

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

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

For the year ended December 31, 2020

	<b>David Jenkins</b>
	<u>Chief</u>
Salary	60,320
State Supplemental Pay	6,000
Benefits-insurance (Medicare)	962
Benefits- retirement (Social Security)	4,112
Benefits - other	-
Auto use	-
Vehicle provided by government	-
Per diem	-
Reimbursements	
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Dues	118
Unvouchered expenses	-
Special meals	-
Total	<u><u>71,512</u></u>

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

**DESOTO PARISH FIRE PROTECTION DISTRICT NO. 3**  
**Stonewall, Louisiana**  
**NOTE TO BUDGETARY COMPARISON SCHEDULE**  
Year Ended December 31, 2020

**Budgetary Information**

The Fire District is required by state law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

A proposed budget is prepared by the governing board in November and made available for public inspection no later than 15 days prior to December 31, of each year. In open meeting prior to December 31, the budget is adopted and becomes part of the official minutes of the Fire District. The proposed budget for the General Fund is prepared on the modified accrual basis of accounting.

Once a budget is approved, it can be amended by approval of a majority of the Board. Amendments are presented at a regular open meeting for Board approval. The original budget was approved by the board on December 1, 2019. The budget was amended during the year.

The budget is prepared in accordance with accounting principles generally accepted in the United States of America. Budgets for most governmental funds are adopted annually on the cash basis of accounting. The budget comparison schedules present the original adopted budget and the final amended budget.

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 more than budgeted revenues. Actual cash expenditures were less than budgeted amounts.

The Fire District is in compliance with the Local Government Budget Act R.S. 39:1301-14 and the budget requirements of LSA-RS 39:34.

## OTHER REPORTS/SCHEDULES

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

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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. 3  
P.O. Box 329  
Stonewall, Louisiana 71078

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Fire Protection District No. 3 (District) basic financial statements and have issued our report thereon dated August 20, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

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

August 20, 2021

DeSoto Parish Fire Protection District No. 3  
Schedule of Audit Results  
Year Ended December 31, 2020

I. Summary of Audit Results

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Fire Protection District No. 3 as of and for the year ended December 31, 2020.
2. The audit did not disclose any material weaknesses in the internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None identified.

III. PRIOR YEAR AUDIT FINDINGS

None identified.