

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY**

Amelia, Louisiana

Year Ended September 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Fire Protection District No. 3 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of St. Mary (hereinafter, the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of September 30, 2017, 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.

Emphasis of Matter

As described in Note 8 to the financial statements, the prior financial statements have been restated to correct a misstatement related to the classification of prepaid expenditures. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information and schedules for employer's share of net pension liability and employer pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison information on pages 27 and 28, schedule of employer's share of net pension liability on page 29, schedule of employer contributions on page 30, or note to retirement system schedules on page 31 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2018, 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 28, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Net Position
September 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 747,480
Prepaid expenses	18,592
Deposits	1,489
Capital assets	
Land	477,508
Other, net of accumulated depreciation	<u>1,087,275</u>
Total assets	<u>2,332,344</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	<u>175,766</u>
LIABILITIES	
Accounts and other payables	14,224
Noncurrent liabilities:	
Net pension liability	<u>540,955</u>
Total liabilities	<u>555,179</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension liability	<u>173,098</u>
NET POSITION	
Net investment in capital assets	1,564,783
Unrestricted	<u>215,050</u>
Total net position	<u>\$ 1,779,833</u>

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Activities
Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public safety:			
Public safety - fire protection	<u>\$ 639,411</u>	<u>\$ 41,046</u>	<u>\$ (598,365)</u>
General revenues:			
Taxes-			
Property taxes, operations and maintenance			666,320
Interest and investment earnings			1,992
Insurance refunds			<u>16,314</u>
Total general revenues			<u>684,626</u>
Change in net position			86,261
Net position - October 1, 2016, as restated			<u>1,693,572</u>
Net position - September 30, 2017			<u>\$ 1,779,833</u>

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet
Governmental Fund
September 30, 2017

	General Fund
ASSETS	
Current assets:	
Cash	\$ 747,480
Prepaid expenditures	18,592
Total current assets	766,072
Other assets:	
Deposits	1,489
Total assets	\$ 767,561
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 7,310
Retirement payable	1,953
Payroll taxes payable	4,961
Total liabilities	14,224
Fund balance:	
Nonspendable	18,592
Unassigned	734,745
Total fund balance	753,337
Total liabilities and fund balance	\$ 767,561

(continued)

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Balance Sheet (continued)
Governmental Fund
September 30, 2017

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position:

Total fund balance for governmental funds at September 30, 2017		\$ 753,337
Cost of capital assets:		
Land	\$ 477,508	
Capital assets, net of accumulated depreciation	<u>1,087,275</u>	1,564,783
Deferred outflows of resources related to net pension liability		175,766
Net pension liability		(540,955)
Deferred inflows of resources related to net pension liability		<u>(173,098)</u>
Net position at September 30, 2017		<u>\$1,779,833</u>

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended September 30, 2017

	General Fund
Revenues:	
Local Sources-	
Ad valorem taxes	\$ 666,320
Interest income	1,992
Insurance refunds	16,314
State Sources -	
Intergovernmental	17,440
Total revenues	702,066
 Expenditures:	
Current -	
Ad valorem tax deductions	22,027
Commissioner per diem	1,860
Fire protection reimbursements to Amelia Volunteer Fire Department	165,056
Insurance	31,105
Professional fees	12,674
Salaries and benefits	290,290
Capital outlay	316,923
Total expenditures	839,935
 Net change in fund balance	 (137,869)
 Fund balance, beginning, as restated	 891,206
 Fund balance, ending	 \$ 753,337

(continued)

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended September 30, 2017

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of the Governmental Fund to the Statement of Activities:

Total net changes in fund balance for the year ended September 30, 2017 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ (137,869)
Cost of capital assets		316,923
Depreciation expense		(102,388)
Loss on disposition of asset		(837)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:		
Increase in pension expense	\$ (13,174)	
Nonemployer pension contribution revenue	<u>23,606</u>	<u>10,432</u>
Total changes in net position for the year ended September 30, 2017 per Statement of Activities		<u>\$ 86,261</u>

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements

Fire Protection District No. 3 of the Parish of St. Mary (the "District"), was created by Ordinance No. 1044 of the St. Mary Parish Council on July 27, 1988 for the purpose of providing fire protection, medical assistance, and extrication rescue. The District encompasses Ward Nine of the Parish of St. Mary.

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the audit and accounting guide, *Audits of State and Local Governmental Units*.

(1) Summary of Significant Accounting Policies

The more significant of the District's accounting policies are described below.

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Government is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the St. Mary Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- Appointing a voting majority of an organization's governing body, and the ability of the Parish Council to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
- Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints the governing body and has the ability to significantly impose its will, the District is a component unit of the St. Mary Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted 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*.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the District is considered to be the major fund and is described below:

Governmental Fund –

General Fund – this fund is the primary operating fund of the District and it accounts for the operations of the District’s office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

C. Capital Assets

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 District maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Leasehold improvements	20 – 40 years
Equipment	5 – 12 years
Furniture	5 – 7 years

D. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. The District uses the following practices in recording certain revenues and expenditures:

Revenues

Intergovernmental revenues are recorded when approved for payment by the payer or governing body.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

E. Cash

Cash includes amounts in demand deposits and interest bearing demand deposits.

Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Prepaid Items

Insurance payments made to insurance agencies that will benefit periods beyond the current period are recorded as prepaid items.

G. Deferred Outflows of Resources and Deferred Inflows of Resources

The District reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its government-wide statement of net position. The District reports deferred outflows of resources and deferred inflows of resources related to its net pension liability. These amounts are being amortized over a period of five years.

H. Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Fund balance for the District's governmental fund is displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form (such as prepaid amounts) or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
- e. Unassigned – amounts that are available for any purpose.

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

(2) Cash

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2017, the District has cash and interest-bearing deposits (book balances) totaling \$747,480 as follows:

Demand deposits	\$ 497,388
Time deposits	<u>250,092</u>
Total	<u>\$ 747,480</u>

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at September 30, 2017 are as follows:

Bank balances	<u>\$ 749,795</u>
Federal deposit insurance	\$ 500,000
Pledged securities	<u>249,795</u>
Total	<u>\$ 749,795</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. Since the District's uninsured bank balances were collateralized with securities held in the name of the District by the pledging financial institution's agent, deposits in the amount of \$249,795 are exposed to custodial credit risk.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed. For the year ended September 30, 2017, the District levied a property tax of 10.0 mills for maintenance and operations on property with assessed valuations totaling \$68,790,250. The total taxes collected were \$666,320.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset activity for the year ended September 30, 2017 was as follows:

	<u>Balance</u> <u>10/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2017</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 477,508	-	-	\$ 477,508
Capital assets, being depreciated:				
Buildings	884,150	-	-	884,150
Equipment	619,148	316,923	(8,365)	927,706
Improvements	79,422	-	-	79,422
Total capital assets, being depreciated	<u>1,582,720</u>	<u>316,923</u>	<u>(8,365)</u>	<u>1,891,278</u>
Less: accumulated depreciation				
Buildings	194,815	26,161	-	220,976
Equipment	484,880	71,682	(7,528)	549,034
Improvements	29,448	4,545	-	33,993
Total accumulated depreciation	<u>709,143</u>	<u>102,388</u>	<u>(7,528)</u>	<u>804,003</u>
Net capital assets, being depreciated	<u>873,577</u>	<u>214,535</u>	<u>(837)</u>	<u>1,087,275</u>
Net capital assets	<u>\$1,351,085</u>	<u>\$214,535</u>	<u>\$ (837)</u>	<u>\$1,564,783</u>

Depreciation expense in the amount of \$102,388 was charged to public safety.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(5) Retirement Plan

Firefighters' Retirement System (System)

Plan Description: The Firefighters' Retirement System is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Eligibility Requirements: Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen 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 this 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 this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits: Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. Any member of the System who has completed at least twenty-five years of creditable service, who has been a member of this system for at least one year, regardless of age, or any member who has completed at least twenty years of creditable service, who has been a member of this system for at least one year, and who has attained the age of fifty years, or any member who has completed at least twelve years of service, who has been a member of this system for at least one year, and who has attained the age of fifty-five shall be entitled to retire from service.

Upon such retirement, the member shall be paid an annual retirement allowance equal to three and one-third percent of average final compensation multiplied by total years of creditable service. However, the annual retirement allowance shall not exceed one hundred percent of average final compensation.

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and age 50 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 the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance 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 payments may be made from the deferred retirement option plan account until the participant retires.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
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Notes to Financial Statements (continued)

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

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively.

Non-Employer Contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2017 and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2017 was \$25,310,647.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2017, The District reported liabilities in its government-wide financial statements of \$540,955 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the District's proportion of the net pension liability was based on a projection of the 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, 2017, the District's proportional share of the System was 0.094377%, which was a decrease of 0.021574% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the District recognized a pension expense of \$71,823 in its governmental activities related to its participation in the System.

At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 30,167
Changes in Assumption	22,626	129
Net difference between projected and actual earnings on pension plan investments	46,538	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	91,129	142,802
Employer contributions subsequent to the measurement date	<u>15,473</u>	<u>-</u>
	<u>\$ 175,766</u>	<u>\$ 173,098</u>

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

The \$15,473 reported as deferred outflows of resources related to pensions resulting from the District's contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2018	\$ (2,915)
2019	6,404
2020	(14,247)
2021	(24,621)
2022	5,381
2023	17,193
	\$ (12,805)

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

	Firefighters' Retirement System
Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected emaining service lives	7 years
Investment rate of return	7.4% per annum (net of fees)
Inflation rate	2.775% per annum
Projected salary increases	Vary from 15% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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. The long term expected nominal rate of return was 8.29% as of June 30, 2017. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Rates of Return	
		Real	Nominal
Fixed Income	23%	1.27%	
Equity	57%	3.16%	
Alternatives	10%	0.56%	
Other	10%	0.55%	
System Total			5.54%
Inflation			<u>2.75%</u>
Expected Arithmetic Nominal Return			<u>8.29%</u>

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.4% or one percentage point higher 8.4% than the current rate as of June 30, 2017.

	Changes in Discount Rate: Firefighters' Retirement System		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	<u>\$ 777,331</u>	<u>\$ 540,955</u>	<u>\$ 342,246</u>

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2017, the District recognized revenue as a result of support received from the non-employer contributing entities of \$23,606 for its participation in the System.

Payables to the Pension Plan: The District recorded accrued liabilities to the System for the year ended September 30, 2017, primarily due to the accrual of accounts payable at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts and other payables. The balance due to the System as of September 30, 2017 is \$5,190.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.lafirefightersret.com.

(6) Compensation Paid To Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2017:

	<u>Per Diem Received</u>
Joseph Foret, Jr.	390
Scott Butcher	390
Jimmy Ohmer	360
Roy Young	360
Joe Venable	360
Total	<u>\$ 1,860</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. For the year ended September 30, 2017, the District's Chairman, Joseph Foret, Jr., received \$390 in per diem payments.

(7) Subsequent Event

As of October 1, 2017, the District entered into a finance contract establishing debt for the purchase of a firetruck in the amount of \$467,575. Lease payments are scheduled annually with the first installment due on October 1, 2018 and final installment due on October 1, 2022.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Financial Statements (continued)

(8) Prior Period Adjustment

The financial statements as of and for the year ended September 30, 2016 have been restated to correct an error in the presentation of prepaid expenditures in the amount of \$24,288. The following adjustment is required to restate net position/fund balance in the current year:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
Government-wide financial statements:			
Governmental Activities	1,718,460	(24,888)	1,693,572
Fund Financial Statements:			
Governmental Fund	916,094	(24,888)	891,206

REQUIRED SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 758,000	\$ 637,000	\$ 666,320	\$ 29,320
Intergovernmental	-	12,000	17,440	5,440
Interest income	1,300	1,400	1,992	592
Miscellaneous income	-	-	16,314	16,314
Total revenues	<u>759,300</u>	<u>650,400</u>	<u>702,066</u>	<u>51,666</u>
Expenditures:				
Current -				
Ad valorem tax deductions	-	-	22,027	(22,027)
Commissioner per diem	1,800	2,000	1,860	140
Fire protection reimbursements to				
Amelia Volunteer Fire Department	170,000	170,000	165,056	4,944
Insurance	-	-	31,105	(31,105)
Professional fees	-	-	12,674	(12,674)
Salaries and benefits	256,000	290,000	290,290	(290)
Capital outlay	<u>1,288,000</u>	<u>280,500</u>	<u>316,923</u>	<u>(36,423)</u>
Total expenditures	<u>1,715,800</u>	<u>742,500</u>	<u>839,935</u>	<u>(97,435)</u>
Net change in fund balance	<u>(956,500)</u>	<u>(92,100)</u>	<u>(137,869)</u>	<u>(45,769)</u>
Fund balance, beginning	<u>891,206</u>	<u>891,206</u>	<u>891,206</u>	<u>-</u>
Fund balance, ending	<u>\$ (65,294)</u>	<u>\$ 799,106</u>	<u>\$ 753,337</u>	<u>\$ (45,769)</u>

See notes to budgetary comparison schedule.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) Budgetary Practices

The District prepares and adopts a budget in accordance with RS 39:1301 et seq. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

(3) Expenditures in Excess of Appropriations

Actual expenditures exceeded budgeted appropriations in the General Fund by \$97,435. These excess expenditures were covered by available fund balance.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Employer's Share of Net Pension Liability
Year Ended September 30, 2017

Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.088403%	\$ 477,121	159,738	298.69%	72.45%
2016	0.072803%	\$ 476,197	164,154	290.09%	68.16%
2017	0.094377%	\$ 540,955	220,378	245.47%	73.55%

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Employer Contributions
Year Ended September 30, 2017

Year Ended Sept 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 46,337	\$ 46,337	\$ -	\$ 161,172	28.75%
2016	\$ 46,500	\$ 46,500	\$ -	\$ 172,845	26.90%
2017	\$ 58,649	\$ 58,649	\$ -	\$ 229,384	25.57%

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Note to Retirement System Schedules
Year Ended September 30, 2017

Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended September 30, 2017.

Changes of assumptions – The changes in assumptions about future economic or demographic factors 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. These changes resulted in deferred inflows and outflows of resources, and related pension expense for the year ended September 30, 2017.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

Members of the Board of Commissioners
Fire Protection District No. 3 of the Parish of St. Mary
Amelia, Louisiana

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2018.

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 circumstance 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of audit results and findings as items 2017-001 and 2017-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2017-003.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan for current audit findings. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report if distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 28, 2018

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017

A. Internal Control

2016-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of audit results and findings item 2017-001.

2016-002 Financial Reporting

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

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

CURRENT STATUS: See schedule of audit results and findings item 2017-002.

B. Compliance

2016-003 Purchase of Real Property and Cooperative Endeavor Agreement with AVFD

CONDITION: The District reimburses the Amelia Volunteer Fire Department ("AVFD") for fire protection related expenditures under the authority of RS 40:1500(C) which provides "[D]istricts may enter into such contracts as they consider necessary or desirable to carry out the purposes for which they were created" and the terms and conditions of a cooperative endeavor agreement executed in prior years with AVFD. However, the agreement is silent with regard to the entity with which title will vest in the acquisition of capital items.

During the year ended September 30, 2014, the District reimbursed AVFD \$477,508 for the purchase of immovable property, the title to which is still held by AVFD as of the year ended September 30, 2016. The cooperative endeavor agreement is also silent regarding the voluntary or involuntary disposition of capital items purchased with public funds, the title to which is held by AVFD, or the purposes for which such items may be used.

RECOMMENDATION: We recommend the District, with the assistance of legal counsel, update the terms and conditions of the cooperative endeavor agreement with AVFD. We also recommend the District, with the assistance of legal counsel and the Louisiana Attorney General, determine whether the holding of title for capital items purchased with public funds by the AVFD is appropriate.

CURRENT STATUS: This condition has been resolved.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Summary Schedule of Prior Audit Findings (continued)
Year Ended September 30, 2017

2016-004 Relationships between District Board Members and Board Members of Other Component Units of St. Mary Parish

CONDITION: The District has multiple board members and employees that are board members of or immediate family members of board members of several other local entities which are component units of St. Mary Parish.

RECOMMENDATION: We recommend the District consult with legal counsel, the Attorney General, and the State Ethics Board to obtain an opinion about whether these relationships violate state law or ethics.

CURRENT STATUS: This condition has been resolved.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings
Year Ended September 30, 2017

Part I. Summary of auditor's results:

Unmodified opinions were issued on the financial statements of the District's governmental activities and its major fund (General Fund).

Two (2) deficiencies in internal control were disclosed by the audit of the financial statements and the conditions are considered material weaknesses.

An instance of noncompliance required to be reported in accordance with *Government Auditing Standards* is included in Part II of this schedule.

A management letter was not issued.

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

A. Internal Control

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: Internal control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The District's internal control over financial reporting includes those policies and procedures that pertain to the District's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

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

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

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

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2017

2017-002 Financial Reporting

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

CRITERIA: The District's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the auditor as part of the internal control process.

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

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

B. Compliance

2017-003 Local Government Budget Act

CONDITION: Budget variance in excess of 5% was incurred in the General Fund. The District also failed to publish a public notification certifying the completion of the budget process.

CRITERIA: LSA-RS 39:1311 et seq, Budgetary Authority and Control, provided for the following:

"A. The adopted budget and any duly authorized adopted amendment shall form the framework form which the chief executive or administrative officers and member of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

(1) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more."

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended September 30, 2017

RS 39:1307 et seq, Public Participation, provides the following:

“D. The political subdivision shall certify completion of all action required by this Section by publishing a notice in the same manner as is herein provided for the notice of availability of the proposed budget and public hearing.”

CAUSE: The condition results from failure to properly monitor and amend the budget as necessary and lack of procedures to ensure compliance of applicable state statutes.

EFFECT: The District may not prevent and/or detect compliance violations due to over expenditure of appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: We recommend that the District adopt budgetary amendments as necessary to cause compliance with the state statute. The District should also establish procedures to ensure compliance with other applicable budgetary state statutes.

Part III: Findings and questioned costs for federal awards reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance do not apply to the District.

FIRE PROTECTION DISTRICT NO. 3 OF THE PARISH OF ST. MARY
Amelia, Louisiana

Corrective Action Plan for Current Audit Findings
Year Ended September 30, 2017

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: Due to the size of the operation and the cost-benefit of additional personnel, we were advised that a response to this issue is not required.

2017-002 Financial Reporting

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

MANAGEMENT'S RESPONSE: The Board of Commissioners has determined that it would be more cost effective to outsource the preparation of the District's financial statements to its independent auditors rather than incur the costs to employ someone with the appropriate skill and expertise to prepare the financial statements in accordance with generally accepted accounting principles.

2017-003 Local Government Budget

CONDITION: The District maintained a budget variance in excess of 5% in the General Fund. The District also failed to (1) prepare and present a signed budget message and (2) publish a public notification certifying the completion of the budget process.

MANAGEMENT'S RESPONSE: We have implemented new accounting software which allows us the opportunity to efficiently monitor budget to actual comparisons on a monthly basis. Necessary amendments will be adopted to ensure compliance with state statute.

**FIRE PROTECTION DISTRICT NO. 3
OF THE PARISH OF ST. MARY**

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2016 through September 30, 2017

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES ON CONTROL AND COMPLIANCE AREAS IDENTIFIED BY THE LOUISIANA LEGISLATIVE AUDITOR

To the Board of Commissioners
Fire Protection District No. 3 of the Parish of St. Mary
Amelia, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Fire Protection District No. 3 of the Parish of St. Mary (hereinafter "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2016 through September 30, 2017. The District's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

Written Policies and Procedures

1. Obtain the District's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the District does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above, with the exception of the procedures for budget preparation.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained but do not specifically address any of the functions noted above, with the exception of (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits.

Written policies and procedures were obtained and address the functions noted above, with the exception of the procedures for recording receipts.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above as applicable.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Written policies and procedures were obtained but do not address the functions noted above, with the exception of (3) legal review.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The District does not maintain any type of credit cards; therefore, no written policies and procedures have been adopted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and expressly state that reimbursement for travel and related expenses are not permitted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the District's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained but do not specifically address any of the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Debt service policies and procedures do not specifically address the functions noted above; however, the District had no debt outstanding during the fiscal period October 1, 2016- September 30, 2017.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the District for the fiscal period noting that the board of commissioners met at least monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the District's prior audit (GAAP-basis).

Minutes do not reference or include monthly budget-to-actual comparisons.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Budget-to-actual comparison presented at the last meeting of the fiscal period did not show that management was deficit spending.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Minutes included references to non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the District's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for the District's three (3) bank accounts noting that reconciliations have been prepared for each account for all months, with the exception of one (1) bank account for one (1) month.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Management's review of bank reconciliations was not evidenced.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting no reconciling items that have been outstanding for more than six (6) months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the District's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The District did not collect any actual cash. All receipts are received via electronic payment or check.

Individuals responsible for collecting receipts are properly bonded through insurance policies.

The individual responsible for collecting receipts was also responsible for depositing the receipts in the bank.

The District did not maintain any cash registers and/or drawers.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the District has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The District has no formal reconciliation process.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using District collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Due to the District's procedures for processing and recording receipts, the actual date of collection could not be obtained for testing. However, the largest receipt collected, which was a substantial portion of receipts collected within the entire fiscal period, was processed by the payor on 1/6/2017, a Friday, and the deposit was processed by the District on 1/9/2017, the following Monday.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Obtained supporting documentation from the four (4) sources of revenues collected by the District noting collections were completely supported.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The District has no written process to determine the completeness of all collections for each revenue source.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of the District' disbursements from management or, alternately, obtain the general ledger and sort/filter for the District's disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained listing of disbursements from management and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the District had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The District does not utilize a purchase order system or an equivalent electronic system that separates initiation from approval functions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Not applicable, see 9a above.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

The District does not utilize a purchase order system. Examined supporting documentation for each of the twenty-five (25) disbursements selected noting all disbursements processed were supported by a receiving report or other supporting documentation, as applicable.

10. Using the District's documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.

The District has no written documentation prohibiting the individual responsible for processing payments from adding vendors to the purchasing/disbursement system.

11. Using the District's documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The District has no written documentation providing that the persons with signatory authority, or who make the final authorization for disbursements, have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review District documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The District's unused checks are maintained in a locked location with access restricted to those persons that do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Signature stamp nor a signature machine is used.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained management's representation that the District does not maintain any credit cards. Therefore, the procedures described below are not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the District has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Not applicable.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable.

- c) For each transaction, compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The District does not allow for reimbursements of travel and related expenses. Obtained management's representation that no travel and related reimbursements were permitted during the fiscal period.

18. Obtain the District's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Obtained the District's written policies related to travel and expense reimbursements which provide that travel and expense reimbursement are not allowable. Therefore, the procedures described below are not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the District does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Not applicable.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Not applicable.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

- c) Compare the District's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Not applicable.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Obtained management's representation that the District did not maintain any contracts which were in effect during the fiscal period. Therefore, the procedures described below are not applicable.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

Not applicable.

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Not applicable.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the District complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Not applicable.

- If no, obtain supporting contract documentation and report whether the District solicited quotes as a best practice.

Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

Obtained a listing of employees from management and management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Compensation paid to the individuals tested were made in accordance with the District's adopted pay scales and/or contract for employment without exception.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes to salaries were approved in writing and in accordance with policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the District had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Selected all four (4) of the District's employees noting that daily attendance was not maintained. Employees of the District are salaried firefighters in which duties include a rotation of 24 hours "on-call" time. Leave records were properly maintained.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Written documentation evidencing approval of leave properly maintained.

- c) Report whether there is written documentation that the District maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Appropriate leave records for the District's personnel are maintained in writing.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Obtained management's representation that no employees were terminated during the fiscal period.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Obtained supporting documentation relating to payroll taxes and retirement contributions noting that the employer portions of each were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the District maintained documentation to demonstrate that required ethics training was completed.

Obtained ethics compliance documentation for all four (4) of the District's employees. Documentation of the completion of the required ethics training was on file for all individuals tested.

27. Inquire of management whether any alleged ethics violations were reported to the District during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the District's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that there were no allegations of ethics violations reported during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the District, and report whether State Bond Commission approval was obtained.

The District did not issue any debt during the fiscal period.

29. If the District had outstanding debt during the fiscal period, obtain supporting documentation from the District and report whether the District made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The District had no outstanding debt during the fiscal period.

30. If the District had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District had no tax millages relating to debt services during the fiscal period.

Other

31. Inquire of management whether the District had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the District reported the misappropriation to the legislative auditor and the district attorney of the parish in which the District is domiciled.

Management asserted that there were no misappropriations of public funds or assets during the fiscal period.

32. Observe and report whether the District has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District does not possess a brick and mortar establishment nor a website on which the notice required by R.S. 24:523.1 should be posted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions to management's representations.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance and is solely for use by the District's management and the LLA. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
March 28, 2018