

**Bienville Parish Ward 4 & 5
Fire Protection District
Ringgold, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2018

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 2
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet – Governmental Fund	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	7
Notes to the Financial Statements	8 –24
Required Supplementary Information	
Budgetary Comparison Schedule	25
Notes to Required Supplementary Information	26
Schedule of Contributions	27
Schedule of Proportionate Share of Net Pension Liability	28
Other Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	29
Schedule of Compensation Paid to Board Members	30
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	31 – 32
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	33
Corrective Action Plan For Current Year Audit Findings	34

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Independent Auditors' Report

Board of Commissioners
Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Bienville Parish Ward 4 & 5 Fire Protection District, a component unit of the Bienville Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Bienville Parish Ward 4 & 5 Fire Protection 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Bienville Parish Ward 4 & 5 Fire Protection District as of December 31, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25-26, the Schedule of Contributions on page 27, and the Schedule of Proportionate Share of Net Pension Liability on page 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bienville Parish Ward 4 & 5 Fire Protection District's basic financial statements. The other supplementary information listed in the table of contents and shown on pages 29 - 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2019, on our consideration of Bienville Parish Ward 4 & 5 Fire Protection 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bienville Parish Ward 4 & 5 Fire Protection District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bienville Parish Ward 4 & 5 Fire Protection District's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
May 31, 2019

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Statement of Net Position
 December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,460,975
Accounts receivable - ad valorem	1,026,230
Prepaid expenses	9,645
Capital assets	
Depreciable (net)	2,947,407
Non-depreciable	<u>16,650</u>
Total assets	<u>5,460,907</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>367,317</u>
LIABILITIES	
Current	
Accounts payable	48,836
Accrued expenses	16,895
Non-current liabilities	
Due within one year	108,647
Due in more than one year	<u>1,195,839</u>
Total liabilities	<u>1,370,217</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad valorem taxes	1,026,230
Pension related	<u>66,502</u>
Total deferred inflows of resources	<u>1,092,732</u>
NET POSITION	
Net investment in capital assets	2,518,355
Unrestricted	<u>846,920</u>
Total net position	<u><u>\$ 3,365,275</u></u>

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2018

GOVERNMENTAL ACTIVITIES

Expenses:

General government	\$ 31,320
Public safety - fire protection	1,293,112
Interest on long term debt	15,542
Total expenses	1,339,974

Program revenues:

Operating grants and contributions	90,702
Net program expenses	(1,249,272)

General revenues:

Ad valorem taxes	992,233
Intergovernmental	
Fire insurance rebate	16,088
Interest and dividends	16,290
Royalties	2,425
Miscellaneous	2,266
Total general revenues	1,029,302

Change in net position	(219,970)
Net position - beginning, restated	3,585,245
Net position - ending	\$ 3,365,275

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2018

	General Fund
Assets	
Cash and cash equivalents	\$ 1,460,975
Accounts receivable	1,026,230
Total assets	\$ 2,487,205
Liabilities	
Accounts payable	\$ 48,836
Accrued expenses	16,895
Total liabilities	65,731
Deferred inflows of resources	
Unavailable revenue	
Ad valorem taxes	1,026,230
Total deferred inflows of resources	1,026,230
Fund balance	
Unassigned	1,395,244
Total fund balance	1,395,244
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,964,057
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	9,645
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are not available in the governmental funds. Deferred outflows - pension related	367,317
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.	
Other	(1,838)
Capital Lease	(445,703)
Net pension liability	(856,945)
Deferred inflows - pension related	(66,502)
Net position of governmental activities	\$ 3,365,275

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund
 For the Year Ended December 31, 2018

	General Fund
Revenues	
Ad valorem taxes	\$ 992,233
Intergovernmental	
Fire insurance rebate	16,088
Supplemental pay	48,117
Grant	3,919
Interest and dividends	16,290
Royalties	2,425
Miscellaneous	2,266
Total revenues	1,081,338
Expenditures	
Current:	
General government	31,320
Public Safety	863,504
Capital outlay	44,220
Debt service:	
Principal retirement	103,871
Interest and other charges	15,542
Total expenditures	1,058,457
Excess of revenues over (under) expenditures	22,881
Fund balance at beginning of year	1,372,363
Fund balance at end of year	\$ 1,395,244

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 22,881

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

Governmental funds report capital outlays as expenditures. However,
 in the statement of activities, the cost of those assets is allocated over
 their estimated useful lives and reported as depreciation expense.
 This is the amount by which depreciation (\$314,023) exceeded
 capital outlay (\$44,220) in the current period. (269,803)

The nonallocation method of accounting for prepayments is used in the
 fund statements, since the prepayment does not provide expendable
 financial resources. 5,359

Revenues in the statement of activities that do not provide current financial
 resources are not reported as revenues in the funds.

Capital Lease payments	103,871
Non-employer contributions to cost-sharing pension plan	38,666

Some expenses reported in the statement of activities do not require
 the use of current financial resources and therefore are not reported as
 expenditures in the funds.

Pension expense	<u>(120,944)</u>
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Change in net position of governmental activities	<u><u>\$ (219,970)</u></u>
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See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018

INTRODUCTION

The Bienville Parish Ward 4 & 5 Fire Protection District (the District) was created by the Bienville Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on May 11, 1988. The District is governed by a five member board of which two members are appointed by the police Jury, one each by the Village of Jamestown and the Town of Ringgold, respectively, and one by the other four members of the board. The District is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The Bienville Parish Ward 4 & 5 Fire Protection District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Bienville Parish Ward 4 & 5 Fire Protection District are discussed below.

A. Reporting Entity

The District is a component unit of the Bienville Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

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

B. Basic Financial Statements – Government-Wide Statements

The Bienville Parish Ward 4 & 5 Fire Protection District's basic financial statements include both government-wide (reporting the funds maintained by the Bienville Parish Ward 4 & 5 Fire Protection District as a whole) and fund financial statements (reporting the Bienville Parish Ward 4 & 5 Fire Protection District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Bienville Parish Ward 4 & 5 Fire Protection District's general fund is classified as governmental activities. The Bienville Parish Ward 4 & 5 Fire Protection District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Bienville Parish Ward 4 & 5 Fire Protection District's net position are reported in two parts – investment in capital assets (net of related debt), and unrestricted net position.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Bienville Parish Ward 4 & 5 Fire Protection District's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The District's program revenues consist of non-employer contributions to cost-sharing pension plan. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Bienville Parish Ward 4 & 5 Fire Protection District as an entity and the change in the Bienville Parish Ward 4 & 5 Fire Protection District's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Bienville Parish Ward 4 & 5 Fire Protection District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Bienville Parish Ward 4 & 5 Fire Protection District:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Bienville Parish Ward 4 & 5 Fire Protection District:

- a. General funds are the general operating funds of the Bienville Parish Ward 4 & 5 Fire Protection District. They are used to account for all financial resources except those required to be accounted for in another fund.

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

D. Basis of Accounting

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

1. Accrual:

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

Revenues of the Bienville Parish Ward 4 & 5 Fire Protection District consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. The 2018 tax levy is intended to fund the 2019 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

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

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the fire chief prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for all funds. The original budget was amended one time during 2018. The amendments are reflected in the budgetary comparisons included in the accompanying financial statements.

F. Cash, Cash Equivalents, and Investments

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

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

G. Capital Assets

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

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

Buildings	20 – 40 years
Machinery and equipment	5 – 10 years
Vehicles	5 – 15 years

H. Compensated Absences

Forty hour week employees receive 18 days of vacation between one and four years of service. An additional two days is then earned after every three years of service with a maximum of 30 days at 20 years of service or more.

Twenty-four hour shift employees receive 9 shifts of vacation between one and four years of service. An additional two shifts is then earned after every three years of service with a maximum of 15 shifts at 20 years of service or more.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

Forty hour week employees are allowed to carry over two vacation days to the next year. Twenty-four hour shift employees are allowed to carry over two shifts to the next year. Upon termination of employment, employees are paid for unused vacation time that they are eligible for according to the policy.

Only full time 40 hour week and full time 24 hour shift employees are eligible for sick time. Each classified employee is entitled to 52 weeks of sick leave. Unused sick leave is not paid upon separation of service.

I. Use of Estimates

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

J. Deferred Inflows / Outflows of Resources

The District's governmental activities and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. On the fund balance sheet, the District reports unavailable revenue from property taxes and other amounts. On the statement of net position, the District reports unavailable revenue from property taxes and pension-related amounts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or the period for which they are levied and budgeted.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions reported in the government-wide statement of net position.

K. Net Position

Government-wide net position is divided into two components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the district's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

L. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the board of commissioners (the district's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of commissioners remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

The district's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

(2) Levied Taxes

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Maintenance	3.53	3.53	2027
Operations and maintenance	4.91	4.91	2021

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(3) Cash and Cash Equivalents

At December 31, 2018, the District had cash and cash equivalents (book balances) totaling \$1,460,975, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2018 (book balances) totaled \$1,460,975. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2018, \$1,221,768 of the District's bank balance of \$1,471,768 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department,
not in the District's name:

Cash and Cash equivalents	<u>\$ 1,221,768</u>
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(4) Accrued Expenses

Accrued expenses at December 31, 2018 consisted of the following:

Payroll taxes	\$ 5,587
Retirement payable	<u>11,308</u>
Total	<u>\$ 16,895</u>

(5) Risk Management

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to the Financial Statements
December 31, 2018
(Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at Jan. 1, 2018	Additions	Deletions	Balance at Dec. 31, 2018
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 16,650	\$	\$	\$ 16,650
Total capital assets, not being depreciated, at historical cost	<u>16,650</u>			<u>16,650</u>
Capital assets, being depreciated:				
Buildings	1,415,978			1,415,978
Machinery & Equipment	661,307	44,220		705,527
Vehicles	3,786,868		(78,000)	3,708,868
Total capital assets, being depreciated, at historical cost	<u>5,864,153</u>	<u>44,220</u>	<u>(78,000)</u>	<u>5,830,373</u>
Less accumulated depreciation:				
Buildings	(422,615)	(35,399)		(458,014)
Machinery & Equipment	(387,572)	(55,005)		(442,577)
Vehicles	(1,836,756)	(223,619)	78,000	(1,982,375)
Total accumulated depreciation	<u>(2,646,943)</u>	<u>(314,023)</u>	<u>78,000</u>	<u>(2,882,966)</u>
Total capital assets, being depreciated, net	<u>3,217,210</u>	<u>(269,803)</u>		<u>2,947,407</u>
Governmental capital assets, net	<u>\$ 3,233,860</u>	<u>\$ (269,803)</u>	<u>\$</u>	<u>\$ 2,964,057</u>

Depreciation expense for the year ended December 31, 2018, was \$314,023.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(7) Leases

For the year ended December 31, 2018, the District had one operating lease on certain equipment that is utilized by the district. Payments made on this lease for the year ended December 31, 2018, were \$1,780. The minimum annual commitments under noncancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 1,800
2020	1,800
2021	1,800
2022	1,800
2023	<u>600</u>
Total	<u>\$ 7,800</u>

(8) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 1,838		\$	\$ 1,838	\$ 1,838
Capital lease - truck	549,574		103,871	445,703	106,809
Net pension liability	<u>848,153</u>	<u>8,792</u>		<u>856,945</u>	
Total long-term liabilities, governmental activities	<u>\$ 1,399,565</u>	<u>\$ 8,792</u>	<u>\$ 103,871</u>	<u>\$ 1,304,486</u>	<u>\$ 108,647</u>

Capital Lease – Fire Truck

During 2015, the District entered into a capital lease agreement to purchase a fire truck. The lease agreement qualifies as a capital lease for accounting purposes. The truck is included in capital assets at a cost of \$748,825, with accumulated depreciation totaling \$145,605 as of December 31, 2018. Interest has been imputed at a rate of 2.792%, and the District will make monthly payments through November 2022. The debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2019	\$ 119,413
2020	119,413
2021	119,413
2022	<u>119,413</u>
Total minimum lease payments	\$ 477,652
Less amounts representing interest	<u>(31,949)</u>
Present value of minimum lease payments	<u>\$ 445,703</u>

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(9) Restatement of Net Position

Net position at December 31, 2017, was restated to correct the revenue recognition of dividends received to the period for which the dividends were received and budgeted.

	<u>Net Position</u>
Balance, December 31, 2017, as previously reported	\$ 3,595,017
Correction of dividend received	(9,772)
Balance, December 31, 2017, restated	\$ 3,585,245

(10) Pension Plan

The District participates in the State of Louisiana Firefighters' Retirement System (System), 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.

PLAN DESCRIPTION

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

Eligibility Requirements

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

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.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

Retirement Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in 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 has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the deferred retirement option plan account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(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.

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% cost of living increase in their original benefit.

CONTRIBUTIONS

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2018, employer and employee contribution rates for members above the poverty line were 26.50% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2018, 2017, and 2016 were \$95,193, \$90,430, and \$90,624, respectively. Included in contributions for the year ended December 31, 2018, is \$11,308 of contributions for the month of December 2018, which is included in accrued expenses at December 31, 2018.

Non-employer contributions

According to state statute, the System receives insurance premium tax funds from the state of Louisiana. The tax is considered support from a non-employer 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, 2018 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended June 30, 2018 were \$53,251.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2018, the District reported a liability of \$856,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2018 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was .148980%, which was an increase of .001008% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the District recognized pension expense of \$216,484, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$49.

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 65,223
Changes of assumptions	59,780	136
Net difference between projected and actual earnings on pension plan investments	55,723	
Changes in proportion and differences between employer contributions and proportionate share of contributions	203,924	1,143
Employer contributions subsequent to the measurement date	47,890	
Total	<u>\$ 367,317</u>	<u>\$ 66,502</u>

The District reported a total of \$47,890 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 118,252
2020	85,655
2021	21,589
2022	23,265
2023	3,009
2024	1,155
Total	<u>\$ 252,925</u>

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.3% per annum (net of investment expenses, including inflation) (decreased from 7.4% in 2017)
Inflation Rate	2.70% per annum (decreased from 2.775% in 2017)
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years; includes inflation and merit increases
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. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

adding expected inflation. The resulting long term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018. Best estimates of arithmetic real rates of return for each major asset class included in System's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income	26%	1.76%
Equity		
US Equity	22%	6.14%
Non-US Equity	22%	7.46%
Global Equity	10%	6.74%
Alternatives		
Real Estate	6%	4.38%
Private Equity	4%	8.73%
Other		
Global Tactical Asset Allocation	5%	4.31%
Risk Parity	5%	4.89%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.3%. 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 7.3%, 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 6.3% or one percentage point higher 8.3% than the current rate as of June 30, 2018.

	<u>Changes in Discount Rate</u>		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.3%</u>	<u>7.30%</u>	<u>8.30%</u>
Net Pension Liability	\$ 1,250,485	\$856,945	\$ 526,235

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2018 were recognized in the current reporting period as pension expense except as follows:

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as 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.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of 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.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are 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 a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2018. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.gov.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.la.gov.

(11) On-Behalf Payments

During the fiscal year ended December 31, 2018, qualified employees of the Bienville Parish Ward 4 & 5 Fire Protection District received supplemental pay from the State of Louisiana. The District has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$48,117 for the year ended December 31, 2018.

(12) Subsequent Events

The District approved the purchase of a tanker truck, rescue equipment, and a boat with a total approximate purchase price of \$389,034 in 2019.

Subsequent events have been evaluated through May 31, 2019, the date the financial statements were available to be issued.

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Ad valorem taxes	\$ 1,012,478	\$ 961,782	\$ 961,416	(366)
Intergovernmental				
Fire insurance rebate	20,000	16,088	16,088	
Supplemental pay			48,117	48,117
Grant	4,000	7,889	7,889	
Interest income	3,000	6,075	16,290	10,215
Miscellaneous	15,000	14,463	4,691	(9,772)
Total revenues	1,054,478	1,006,297	1,054,491	48,194
Expenditures				
Current:				
Public Safety	1,024,478	947,317	975,189	(27,872)
Capital outlay	30,000	53,625	44,220	9,405
Total expenditures	1,054,478	1,000,942	1,019,409	(18,467)
Excess of revenues over (under) expenditures		5,355	35,082	29,727
Fund balances at beginning of year		1,425,391	1,408,957	(16,434)
Fund balances at end of year		\$ 1,430,746	\$ 1,444,039	\$ 13,293

See accompanying note to required supplementary information.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Notes to Required Supplementary Information
 December 31, 2018

The District's budget is adopted on a cash basis for all funds. There was one amendment to the 2018 budget. Budget comparison statements included in the accompanying financial statements include the original and amended budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 35,082
Adjustments:	
Revenue accruals – net	26,847
Expenditure accruals – net	<u>(39,048)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 22,881</u>

The general fund actual expenditures exceeded budgeted expenditures for the year ended December 31, 2018, by \$18,467.

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Schedule of Contributions
For the Year Ended December 31, 2018

State of Louisiana Firefighters' Retirement System

<u>Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2018	\$ 95,193	\$ 95,193	\$	\$ 359,220	26.50%
2017	90,430	90,430		349,417	25.88%
2016	90,632	90,632		344,722	26.25%
2015	89,565	89,565		317,435	28.24%

*Amounts presented were determined as of the end of the fiscal year (June 30).

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

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2018

State of Louisiana Firefighters' Retirement System

Year Ended June 30	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.1489800%	\$ 856,945	\$ 354,700	241.60%	74.76%
2017	0.1479720%	848,153	347,861	243.82%	73.55%
2016	0.1482800%	969,892	334,340	290.09%	68.16%
2015	0.1236500%	667,369	260,760	255.93%	72.45%

*Amounts presented were determined as of the measurement date (fiscal year ended June 30).

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

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head: Bobby Conly, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,407
State supplemental pay	6,000
Benefits-insurance	5,126
Benefits-retirement	21,838
Reimbursements	25
Conference travel	657

Bienville Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2018

Aldermen:

Donna Wiggins - chair	\$	3,000
Randall Bare		550
Briley Joe Carter		250
Donald Moore		600
James Wiggins		600
		<hr/>
	\$	5,000
		<hr/> <hr/>

COOK & MOREHART

Certified Public Accountants

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Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

Board of Commissioners
Bienville Parish Ward 4 & 5 Fire Protection District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Bienville Parish Ward 4 & 5 Fire Protection District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Bienville Parish Ward 4 & 5 Fire Protection District's basic financial statements, and have issued our report thereon dated May 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bienville Parish Ward 4 & 5 Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bienville Parish Ward 4 & 5 Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bienville Parish Ward 4 & 5 Fire Protection District's internal control.

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

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

Compliance and Other Matters

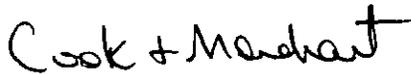
As part of obtaining reasonable assurance about whether Bienville Parish Ward 4 & 5 Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying summary schedule of audit findings as item 2018-001.

Bienville Parish Ward 4 & 5 Fire Protection District's Response to Finding

Bienville Parish Ward 4 & 5 Fire Protection District's response to the findings identified in our audit is described in the accompanying summary schedule of audit findings. Bienville Parish Ward 4 & 5 Fire Protection District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
May 31, 2019

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Summary Schedule of Audit Findings
December 31, 2018

Summary Schedule of Prior Audit Findings

There were three findings for the prior year audit for the year ended December 31, 2017, as follows:

2017-001 - Budget

Finding: The District did not appropriately advertise its budget for 2017 prior to adoption. The District published the notice after the public hearing. Also, the District did not adopt the 2017 budget prior to the end of the previous fiscal year as required by state law.

Current Status: See finding in 2018 audit.

2017-002 – Late Submission of Audit

Finding: The audit for the year ended December 31, 2017, was not submitted timely in accordance with state law.

Current Status: The audit for the year ended December 31, 2018, was submitted timely in accordance with state law.

2017-003 – Internal Controls

Significant Deficiency: During our audit, we noted that there is no supervisory review of bank statements, deposits, or bank reconciliations. We also noted that employee timesheets are not signed by employees, and supervisory review is not physically documented on those employee timesheets.

Current Status: Controls were implemented over these areas. No finding reported for 2018.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Summary Schedule of Audit Findings
December 31, 2018
(Continued)

Corrective Action Plan for Current Year Audit Findings

There is one finding for the current year audit for the year ended December 31, 2018, as follows:

2018-001 - Budget

Criteria: The Local Government Budget Act sets forth the requirements for adopting the budget.

Finding: The District did not appropriately advertise its budget for 2018 prior to adoption. The District published the notice after the public hearing.

Cause: The District failed to advertise 10 days prior to the adoption of the 2018.

Effect: The District was not in compliance with the Local Government Budget Act.

Recommendation: We recommend that the District implement procedures for ensuring that all provisions of the Local Government Budget Act are complied with in the future.

Management's Response: The District will appropriately advertise our budget before December meeting.

COOK & MOREHART

Certified Public Accountants

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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Bienville Parish Ward 4 & 5 Protection District, and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Bienville Parish Ward 4 & 5 Protection District's (District) management is responsible for those C/C 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 findings are as follows:

Written Policies and Procedures

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Bank Reconciliations

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

Management provided the requested information, along with management's representation that the listing is complete.

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

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

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

Exception: There was no evidence that a member of management reviewed and approved the bank reconciliations for the accounts selected for testing.

Management's Response: Management reviews the bank statements and reconciliations monthly and physically approves the bank statements. In the future, management will also physically approve the bank reconciliations.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There were no outstanding checks more than 12 months from statement closing date.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Individuals responsible for collecting cash do not share cash drawers, are not responsible for recording the related transaction, and are not responsible for reconciling the related bank account.

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

All employees are covered by a blanket insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

Pre-numbered receipts are not utilized by the District due to no cash receipts.

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

Pre-numbered receipts are not utilized by the District due to no cash receipts.

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

For the deposits selected, the deposit slip total was located on the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Pre-numbered receipts or mail logs are not utilized by the District due to no cash receipts. Thus unable to compare date received with deposit date.

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

For the deposits selected, the actual deposit was traced to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Segregation of duties exists as noted above, except as noted below.

Exception: The employee responsible for processing payments receives the signed checks for mailing.

Management's Response: The District will consider allowing a person outside of the processing of payments to mail checks to vendors. All payments are approved by management prior to issuance.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties.

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

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

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Exception: There was no evidence of approval on the statement selected for testing. All disbursements are approved by two members of the board when checks are signed.

Management's Response: A member of management that is not the authorized card holder will review and approve in writing each credit/debit card statement.

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

There were no finance charges or late fees on the statement selected for testing.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management provided the requested information, along with management's representation that the listing is complete.

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

Contracts selected for testing were not subject to the Louisiana Public Bid Law.

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

The contracts selected for testing did not require board approval.

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

The contracts selected for testing were not amended.

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

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates.

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

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

For the transactions selected for testing, the daily attendance and leave were documented, except as noted below:

Exception: One of the five employees selected for testing did not have a timesheet for the pay period selected.

Management's Response: The District will implement procedures to ensure timesheets are completed for all employees. Payroll is approved by the Chief prior to issuance.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials. Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees, except as noted below:

Exception: One of the five transactions selected for testing did not have evidence that supervisors approved the attendance and leave for the employee selected.

Management's Response: The District will implement procedures to ensure all attendance and leave is approved by supervisors. Payroll is approved by the Chief prior to issuance.

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

For the transactions selected for testing, the District maintained written leave records.

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

Management provided the requested information, along with management's representation that the listing is complete. For the one employee/official selected for testing, the related documentation for hours and pay rates used in calculating termination benefits were in agreement with the authorized rates and leave balances in the employee/officials' personnel files and cumulative leave records.

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

Management provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers compensation premiums have been paid, and the associated forms have been filed by the required deadlines.

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exception: For the one of the five selected for testing, the employee did not complete one hour of ethics training during the fiscal period. Also, the District did not require employees to attest through signature verification that he or she has read the entity's policy during the fiscal period.

Management's Response: The District will ensure that all employees complete ethics training annually. Management will have all employees attest annually that they have read the District's ethics policy.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Other

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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 C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Cook & Morehart
Certified Public Accountants
May 31, 2019