

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Annual Financial Report
As of and for the
Year Ended December 31, 2017

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Annual Financial Report
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Bayou Cane Fire Protection District, a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 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 an opinion 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 of 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 opinion.

Opinion

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 Bayou Cane Fire Protection District, as of December 31, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the budgetary comparison schedule on page 30 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.

Other Information

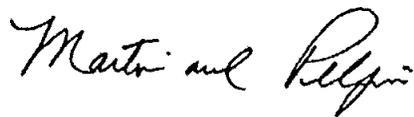
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bayou Cane Fire Protection District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to District Head on page 31 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments to District Head 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to District Head 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 4, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Houma, Louisiana
May 4, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

As management of the Bayou Cane Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- Bayou Cane Fire Protection District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,255,469 (net position) as of December 31, 2017.
- Revenues exceeded expenditures by \$163,749 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The Bayou Cane Fire Protection District's financial statements consist of the following:

Statement of Net Position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Statement of Activities. Consistent with the full accrual basis method of accounting, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

Balance Sheet – Governmental Fund – General Fund. This statement presents the District's assets, liabilities, and fund balance for its general fund only.

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Type – General Fund. Consistent with the modified accrual basis method of accounting, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in fund balance.

Notes to the Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

BASIC FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,255,469 at the close of the most recent year, December 31, 2017. The largest portion of the District's total assets and deferred outflows of resources is capital assets, net of accumulated depreciation (34%) and ad valorem taxes receivable (31%).

The District's Net Position

	December 31,	
	2017	2016
ASSETS		
Current assets	\$ 7,351,733	\$ 7,428,207
Capital assets, net of accumulated depreciation	4,447,376	4,353,935
TOTAL ASSETS	11,799,109	11,782,142
DEFERRED OUTFLOWS OF RESOURCES	1,157,841	1,726,594
LIABILITIES		
Current liabilities	371,313	401,654
Long-term liabilities	6,039,023	6,655,652
TOTAL LIABILITIES	6,410,336	7,057,306
DEFERRED INFLOWS OF RESOURCES		
Ad valorem taxes revenue	4,791,095	4,783,043
Pension related	500,050	477,929
Other	-	98,738
TOTAL DEFERRED INFLOWS OF RESOURCES	5,291,145	5,359,710
NET POSITION		
Net investment in capital assets	3,626,554	3,403,769
Unrestricted	(2,371,085)	(2,312,049)
TOTAL NET POSITION	\$ 1,255,469	\$ 1,091,720

Total assets plus deferred outflows of resources decreased by \$551,786, and total liabilities plus deferred inflows of resources decreased by \$715,535. The decrease in assets and deferred outflows of resources is primarily due to the decrease of \$568,753 of deferred outflows of resources related to pension liability. The decrease in liabilities and deferred inflows of resources is due to the decreases in net pension liability of \$484,206 and capital lease obligations of \$129,344.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

During the year, the District's net position increased by \$163,749. The elements of the increase are as follows:

The District's Changes in Net Position

	For the Year Ended	
	December 31,	
	<u>2017</u>	<u>2016</u>
REVENUES		
Taxes	\$ 4,806,344	\$ 4,678,063
Other	985,983	1,091,811
State supplemental pay	275,196	238,118
State revenue sharing	82,907	119,679
TOTAL REVENUES	<u>6,150,430</u>	<u>6,127,671</u>
EXPENSES		
Public safety - fire protection		
Personnel services	4,667,832	4,756,030
Supplies and maintenance	396,475	343,484
Other services and charges	297,243	372,111
Training and travel	69,620	72,836
Professional fees	111,773	77,132
Depreciation	426,123	383,139
Interest expense	19,035	35,010
TOTAL EXPENSES	<u>5,988,101</u>	<u>6,039,742</u>
GAIN ON DISPOSAL OF CAPITAL ASSETS	<u>1,420</u>	<u>-</u>
CHANGE IN NET POSITION	163,749	87,929
NET POSITION - BEGINNING	<u>1,091,720</u>	<u>1,003,791</u>
NET POSITION - ENDING	<u><u>\$ 1,255,469</u></u>	<u><u>\$ 1,091,720</u></u>

As indicated above, net position increased by \$163,749 in 2017, which indicates revenues were sufficient to cover expenses incurred during the year.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

CAPITAL ASSETS

As of December 31, 2017, the District had \$4,447,376 invested in capital assets as follows:

	<u>2017</u>	<u>2016</u>
Capital assets	\$ 7,855,618	\$ 7,434,126
Less accumulated depreciation	(3,408,242)	(3,080,191)
	<u>\$ 4,447,376</u>	<u>\$ 4,353,935</u>

Capital assets consist of land, buildings, building improvements, equipment, and vehicles. Depreciation expense for the year is \$426,123.

LONG-TERM DEBT

Capital lease obligations for vehicle and fire truck purchases are recorded as liabilities. The total amount of principal paid on these capital lease obligations was \$129,344.

More detailed information about the District's long-term debt is presented in Note 6 of the financial statements.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS AND ACTUAL RESULTS

The District's annual budget is adopted on a modified accrual basis of accounting excluding certain noncash items, such as depreciation. The District amended its budget once during the year. The District increased budgeted revenues by \$181,000 with the amended budget. Total budgeted expenditures decreased by \$665,000 from the original amount.

The District's actual revenues were more than the budgeted revenues by \$450,200 a favorable variance of 9.06%. The District's actual expenditures were more than the budgeted expenditures by \$143,203, an unfavorable variance of 2.75%.

INCIDENTS AND CALLS

The community which is served by Bayou Cane Fire Protection District continues to grow and expand. The demand for public services such as Fire Suppression, Rescue and EMS remains steady.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Management's Discussion and Analysis
December 31, 2017

INCIDENTS AND CALLS (Cont.)

The following is a summary of the calls responded to, by type, for the last three years:

<u>Type of Call</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fire	96	78	62
Explosion, overhead (no fire)	2	5	2
Rescue and EMS	1,086	1,052	1,072
Hazardous condition (no fire)	130	92	94
Service call	76	60	59
Good intent	95	96	85
False alarm	336	354	306
Severe weather and natural disaster	2	5	2
Total	<u>1,823</u>	<u>1,742</u>	<u>1,682</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with such an interest. If you should have any further questions concerning any of the information provided in this report or have a request for additional financial information, please direct your inquiries to Mr. Kenneth P. Himel, Jr., Fire Chief, 6166 West Main Street, Houma, Louisiana 70360 or call (985) 580-7230.

FINANCIAL STATEMENTS

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Statement of Net Position
December 31, 2017

	<u>Government Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,122,978
Investments - unrestricted	77,256
Investments - restricted	13,324
Ad valorem taxes receivable	4,081,026
Prepaid items	57,149
Total current assets	7,351,733
Capital assets, net of accumulated depreciation of \$3,408,242	4,447,376
TOTAL ASSETS	11,799,109
DEFERRED OUTFLOWS OF RESOURCES- PENSION RELATED	1,157,841
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	12,956,950
LIABILITIES	
Current liabilities:	
Salaries and benefits payable	193,914
Accounts payable	13,455
Interest payable	18,392
Current portion of capital lease obligations	132,423
Accounts held in escrow-protest taxes	13,129
Total current liabilities	371,313
Noncurrent liabilities:	
Long term portion of capital lease obligations	688,399
Net pension liability	5,292,537
Compensated absences	58,087
Total noncurrent liabilities	6,039,023
TOTAL LIABILITIES	6,410,336
DEFERRED INFLOWS OF RESOURCES	
Ad valorem taxes revenue	4,791,095
Pension related	500,050
TOTAL DEFERRED INFLOWS OF RESOURCES	5,291,145
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	11,701,481
NET POSITION	
Net investment in capital assets	3,626,554
Unrestricted	(2,371,085)
TOTAL NET POSITION	\$ 1,255,469

See accompanying notes.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Statement of Activities
For the Year Ended December 31, 2017

REVENUES

Taxes:

Ad valorem	\$ 4,705,737
2% fire insurance	100,607

Intergovernmental:

State supplemental pay	275,196
State revenue sharing	82,907

TOTAL REVENUES	5,164,447
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EXPENDITURES

Public safety - fire protection

Personnel service	4,667,832
Supplies and maintenance	396,475
Other services and charges	297,243
Training and travel	69,620
Professional fees	111,773
Depreciation	426,123

TOTAL EXPENDITURES	5,969,066
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GENERAL REVENUES

Pension related	779,333
Other	206,650

TOTAL GENERAL REVENUES	985,983
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OTHER (INCOME)/EXPENSE

Gain on disposal of capital assets	1,420
Interest	(19,035)

TOTAL OTHER (INCOME)/EXPENSE	(17,615)
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CHANGE IN NET POSITION	163,749
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NET POSITION- Beginning	1,091,720
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NET POSITION- Ending	\$ 1,255,469
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See accompanying notes.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Balance Sheet
Governmental Fund Type – General Fund
December 31, 2017

ASSETS

Cash and cash equivalents	\$ 3,122,978
Investments - unrestricted	77,256
Investments - restricted	13,324
Ad valorem taxes receivable	4,081,026
Prepaid expenses	<u>57,149</u>

TOTAL ASSETS

\$ 7,351,733

LIABILITIES

Salaries and benefits payable	\$ 193,914
Accounts payable	13,455
Accounts held in escrow-protest taxes	<u>13,129</u>

TOTAL LIABILITIES

220,498

DEFERRED INFLOWS OF RESOURCES

Ad valorem taxes revenue	<u>4,791,095</u>
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FUND BALANCE

Nonspendable	57,149
Restricted	13,324
Unassigned	<u>2,269,667</u>

TOTAL FUND BALANCE

2,340,140

**TOTAL LIABILITIES, DEFERRED
INFLOWS OF RESOURCES,
AND FUND BALANCE**

\$ 7,351,733

See accompanying notes.

Bayou Cane Fire Protection District
 Terrebonne Parish Consolidated Government

Statement of Revenues, Expenditures, and
 Changes in Fund Balance -
 Governmental Fund Type - General Fund
 For the Year Ended December 31, 2017

REVENUES

Taxes:

Ad valorem	\$ 4,705,737
2% fire insurance	100,607

Intergovernmental:

State supplemental pay	275,196
State revenue sharing	82,907

TOTAL REVENUES	5,164,447
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EXPENDITURES

Public safety - fire protection

Personnel service	3,781,831
Supplies and maintenance	396,475
Other services and charges	297,243
Training and travel	69,620
Professional fees	111,773

Capital outlay	561,665
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Debt Service

Principal	129,344
Interest	643

TOTAL EXPENDITURES	5,348,594
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EXCESS OF REVENUES OVER EXPENDITURES	(184,147)
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GENERAL REVENUES

Other	250,170
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CHANGE IN FUND BALANCE	66,023
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FUND BALANCE

Beginning of year	2,274,117
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End of year	\$ 2,340,140
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See accompanying notes.

Bayou Cane Fire Protection District
 Terrebonne Parish Consolidated Government

Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Position
 December 31, 2017

Fund Balance - governmental fund	\$	2,340,140
<p style="margin-left: 40px;">Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets of \$7,855,618, net of accumulated depreciation of \$3,408,242, are not financial resources and, therefore, are not reported in the fund.		4,447,376
Deferred outflows of resources related to net pension liability are not available resources, and therefore, are not reported in the fund.		1,157,841
Current portion of \$132,423 and long-term portion of \$688,399 of capital lease obligations and associated interest payable of \$18,392 are not financial resources and are therefore not reported in the fund.		(839,214)
Deferred inflows of resources related to net pension liability are not payable from current expendable resources, and therefore, are not reported in the fund.		(500,050)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund.		
Net pension liability		(5,292,537)
Compensated absences		(58,087)
		(5,350,624)
Total net position of governmental activities	\$	1,255,469

See accompanying notes.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance – Governmental Fund to the
Statement of Activities
For the Year Ended December 31, 2017

Change in fund balance - governmental fund \$ 66,023

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

Governmental fund reports capital outlays as expenditures, whereas in the Statement of Activities, these costs are depreciated over their estimated useful lives.

Depreciation expense	(426,123)	
Gain on sale of capital asset	1,420	
Capital outlays	561,665	136,962

Governmental fund reports debt incurrence as an other financing source and debt repayments as an expenditure, whereas these are not presented on the Statement of Activities.

Principal payments	129,344	129,344
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Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (18,392)

Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:

Increase in pension expense		(157,814)
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Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the Statement of Activities, compensated absences are expensed as they are accrued. This is the change in the compensated absences liability for 2017

7,626

Change in net position of governmental activities \$ 163,749

See accompanying notes.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Bayou Cane Fire Protection District (the District) was created by the Terrebonne Parish Consolidated Government (the Parish) by Ordinance No. 5732, dated February 7, 1997, pursuant to Louisiana Revised Statutes 40:1493 and 40:1494. The District is governed by a board of seven commissioners appointed by the Parish Council. The District provides fire protection and related services and facilities in Terrebonne Parish within the boundaries established by the ordinance. It covers an area of over 31 square miles and a population of approximately 112,000 people.

The Bayou Cane Fire Protection District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the government's accounting policies are described below.

A. REPORTING ENTITY

Because the Consolidated Government appoints the governing board and thusly can impose its will, the Bayou Cane Fire Protection District was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The District has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

B. METHOD OF ACCOUNTING

GASB statements established standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the District’s general fund and includes all spendable amounts not contained in the other classifications.

Stabilization funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

The basic financial statements of the District are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

recognized when incurred.

C. FUND TYPES

The District reports the following fund type:

Governmental Funds

Governmental Funds are those through which the governmental functions of the Bayou Cane Fire Protection District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds.

The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements use the modified accrual basis of accounting. 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 pay liabilities of the current period. The District considers all revenues available if they are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. 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 Non-exchange Transactions*.

E. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

F. ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

The District's primary revenue source, ad valorem taxes, becomes delinquent if not paid by January 1st following the year of assessment. Unpaid taxes attach as an enforceable lien on property. The Board of Commissioners determined, based on prior historical information, that current collections are estimated to be approximately 99% of the tax levy.

G. CAPITAL ASSETS

Capital assets, consisting of land, buildings, building improvements, and equipment are presented on the Statement of Net Position. Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair value on the date donated. 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 is recorded using the straight-line method over the useful lives of the assets as follows:

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Buildings	40 years
Buildings improvements	10 - 27 years
Equipment	5 - 15 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 25 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. COMPENSATED ABSENCES

Annual leave is recorded as an expenditure of the period in which paid. Employees of the District can earn between 18 and 30 days per year of annual leave, depending upon length of service. Leave is awarded on the employee's anniversary date and must be taken during that year. It cannot be carried forward to the next year. Unused annual leave is due to the employee at the time of termination at an "hour-for-hour" rate. Accumulated leave as of the end of the year is valued using employees' current rates of pay, and the liability is recorded in the Statement of Net Position. As of December 31, 2017, compensated absences payable to employees totaled \$58,087.

In accordance with Louisiana State Revised Statute 33:1995, every firefighter shall be entitled to full pay during sickness for a period of not less than fifty-two weeks. However, this amount is not accrued and not payable upon termination.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates of the District primarily relate to capital assets' useful lives.

J. OPERATING BUDGETARY DATA

As required by Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The budget was amended once during the year.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

K. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers, is not utilized by the District.

NOTE 2 – CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States.

State law requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

As of December 31, 2017, the District has deposits as follows:

	<u>Bank Balance</u>	<u>Reported Balance</u>
Cash and cash equivalents	<u>\$ 3,192,523</u>	<u>\$ 3,122,978</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a policy for custodial credit risk. As of December 31, 2017, \$2,692,523 of the District's bank balance \$3,192,523 was exposed to credit risk. These were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

As of December 31, 2017, bank deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Bayou Cane Fire Protection District
 Terrebonne Parish Consolidated Government

Notes to the Financial Statements
 For the Year Ended December 31, 2017

NOTE 3 – INVESTMENTS

Certificates of deposit on account with a bank totaling \$13,324 are restricted, held in escrow, for protest taxes paid. The District is required to hold these funds in escrow pending resolution of the protest, and they are shown as restricted assets in the General Fund. Following is a detail of certificates of deposit as of December 31, 2017:

	<u>Cost</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Term</u>
	\$3,004	\$3,031	0.50%	October 6, 2018	1-year
	1,830	1,850	0.40%	January 28, 2018	1-year
	1,784	1,804	0.40%	March 11, 2018	1-year
	1,732	1,747	0.50%	September 13, 2018	1-year
	1,565	1,582	0.40%	February 14, 2018	1-year
	1,382	1,397	0.40%	January 17, 2018	1-year
	1,361	1,373	0.50%	September 20, 2018	1-year
	666	752	0.50%	September 19, 2018	1-year
Total restricted	<u>13,324</u>	<u>13,536</u>			
Total unrestricted	<u>77,256</u>	<u>78,108</u>			
Total	<u><u>\$90,580</u></u>	<u><u>\$91,644</u></u>			

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 4 – CHANGES IN CAPITAL ASSETS

Capital assets are valued at historical cost. Depreciation of all capital assets is calculated over the estimated useful lives using the straight-line method (five to forty years). Capital asset activity for the year ended December 31, 2017 was as follows:

<u>Governmental Activities</u>	Balance January 01, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated:				
Land	\$ 385,000	\$ -	\$ -	\$ 385,000
Capital assets being depreciated:				
Buildings and improvements	1,873,608	58,181	-	1,931,789
Vehicles	3,695,481	62,847	(140,173)	3,618,155
Furniture and equipment	1,480,037	440,637	-	1,920,674
Total capital assets being depreciated	7,049,126	561,665	(140,173)	7,470,618
Less accumulated depreciation for:				
Buildings and improvements	(645,564)	(60,880)	-	(706,444)
Vehicles	(1,538,625)	(239,743)	98,072	(1,680,296)
Furniture and equipment	(896,002)	(125,500)	-	(1,021,502)
Total accumulated depreciation	(3,080,191)	(426,123)	98,072	(3,408,242)
Total capital assets being depreciated, net	3,968,935	135,542	(42,101)	4,062,376
Total capital assets, net of depreciation	\$ 4,353,935	\$ 135,542	\$(42,101)	\$ 4,447,376

NOTE 5 – COMPENSATION OF BOARD MEMBERS

Board members were not compensated for the year ended December 31, 2017.

NOTE 6 – CAPITAL LEASE OBLIGATION

In 2015, the District entered into an eight-year capital lease agreement with a third party for the purchase of two fire trucks. The lease contains a one dollar buy-out provision and bears interest at 2.38%. Yearly principal and interest payments of \$152,487 are due with the final payment due on February 1, 2023. The fire trucks acquired have been provided as collateral for the lease.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 6 – CAPITAL LEASE OBLIGATION (Cont.)

Assets acquired under capital leases as of December 31, 2017 include the following:

Fire trucks	\$ 1,390,144
Less accumulated depreciation	<u>(69,507)</u>
Net	<u>\$ 1,320,637</u>

A summary of the long-term debt obligation of the District for the year ended December 31, 2017 is as follows:

<u>Balance</u> <u>January 01, 2017</u>	<u>Debt</u> <u>Incurred</u>	<u>Principal</u> <u>Paid</u>	<u>Balance</u> <u>December 31, 2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
\$950,166	\$ -	\$ 129,344	\$820,822	\$132,423

The annual principal and interest requirements on the capital lease obligation as of December 31, 2017 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 132,423	\$ 20,064	\$ 152,487
2019	135,573	16,914	152,487
2020	138,799	13,688	152,487
2021	142,101	10,386	152,487
2022	145,482	7,005	152,487
2023	126,444	3,543	129,987
	<u>\$ 820,822</u>	<u>\$ 71,600</u>	<u>\$ 892,422</u>

NOTE 7- AD VALOREM TAXES

Ad valorem taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. Taxes are due and payable December 31, with interest being charged on payments after January 1.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 7- AD VALOREM TAXES (Cont.)

Any unpaid taxes are collected in connection with an auction held in June.

The voters of Bayou Cane Community approved the current millage rate for fire protection. The district levied 20 of the authorized 20 mills for 2017. These taxes and related state revenue sharing were budgeted for the year ended December 31, 2017 and were included as deferred inflows of resources on the Statement of Net Position as of December 31, 2017. The tax is collected by the Parish Sheriff's Office and remitted to the District.

NOTE 8 – ON-BEHALF PAYMENTS FOR SALARIES

Supplemental salary payments are made by the state to certain eligible full-time employees of the District, in addition to the compensation they receive from the District. The amount of the supplemental pay is determined by State Law and is revised periodically. For 2017, the state paid supplemental salaries for the employees of the District in the amount of \$275,196. These intergovernmental funds are reflected in the financial statements of the District for the year ended December 31, 2017.

NOTE 9 – PENSION 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 death 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

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 – PENSION PLAN (Cont.)

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 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.

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 Contribution: 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

Bayou Cane Fire Protection District
 Terrebonne Parish Consolidated Government

Notes to the Financial Statements
 For the Year Ended December 31, 2017

NOTE 9 – PENSION PLAN (Cont.)

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 December 31, 2017, The District reported liabilities in its government-wide financial statements of \$5,292,537 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 an actuarial valuation performed of the retirement system as of the date. 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 proportion share of the System was .923356%, which was an increase of 0.040184% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized a pension expense of \$905,168 in its governmental activities related to its participation in the System.

At December 31, 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>
Differences between expected and actual experience	\$ -	\$ 295,149
Changes in assumptions	221,362	1,262
Net difference between projected and actual earnings on pension plan investments	455,311	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	196,776	203,639
Employer contributions subsequent to the measurement date	<u>284,392</u>	<u>-</u>
	<u>\$ 1,157,841</u>	<u>\$ 500,050</u>

Bayou Cane Fire Protection District
 Terrebonne Parish Consolidated Government

Notes to the Financial Statements
 For the Year Ended December 31, 2017

NOTE 9 – PENSION PLAN (Cont.)

Deferred outflows of resources of \$284,392 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 December 31, 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:

<u>Year</u>	
2017	\$ 173,951
2018	265,124
2019	63,116
2020	(168,446)
2021	(2,409)
2022	42,063
	<u>\$ 373,399</u>

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 is as follows:

	<u>Firefighter's Retirement System</u>
Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal Cost
Actuarial cost assumptions:	
Expected remaining service life	7 years
Investment rate of return	7.4% per annum (net of fees)
Inflation rate	2.775% per annum
Salary Increase	Vary from 15% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

Bayou Cane Fire Protection District
 Terrebonne Parish Consolidated Government

Notes to the Financial Statements
 For the Year Ended December 31, 2017

NOTE 9 – PENSION PLAN (Cont.)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 20, 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.

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 employer's 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: Firefighter's Retirement System		
1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net Pension Liability	\$7,605,172	\$5,292,537
	\$3,348,436	

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 9 – PENSION PLAN (Cont.)

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 December 31, 2017, the District recognized revenue as a result of support received from the non-employer contributing entities of \$233,707 for its participation in the System.

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.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the District carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure, and claims experience.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through May 4, 2018, which is the date the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Favorable/ (Unfavorable)
REVENUES				
Ad valorem tax	\$ 4,309,954	\$ 4,309,954	\$ 4,705,737	\$ 395,783
State supplemental pay	266,818	266,818	275,196	8,378
State revenue sharing	41,533	82,533	82,907	374
Fire insurance 2% rebate	92,849	92,849	100,607	7,758
Interest and dividends	62,214	142,214	141,497	(717)
Other income	10,049	70,049	108,673	38,624
TOTAL REVENUES	<u>4,783,417</u>	<u>4,964,417</u>	<u>5,414,617</u>	<u>450,200</u>
EXPENDITURES				
Public safety				
Personnel services	3,962,675	3,757,675	3,781,831	(24,156)
Supplies and maintenance	520,653	451,653	396,475	55,178
Other services and charges	289,298	143,298	297,243	(153,945)
Training and travel	94,744	74,744	69,620	5,124
Professional fees	106,091	101,091	111,773	(10,682)
Capital outlay	743,443	543,443	561,665	(18,222)
Debt service	153,487	133,487	129,987	3,500
TOTAL EXPENDITURES	<u>5,870,391</u>	<u>5,205,391</u>	<u>5,348,594</u>	<u>(143,203)</u>
Net change in fund balance	(1,086,974)	(240,974)	66,023	306,997
FUND BALANCE				
Beginning of year	1,091,720	1,091,720	2,274,117	1,182,397
End of year	<u>\$ 4,746</u>	<u>\$ 850,746</u>	<u>\$ 2,340,140</u>	<u>\$ 1,489,394</u>

See independent auditor's report.

OTHER INFORMATION

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Schedule of Compensation, Benefits, and Other Payments
to District Head
For the Year Ended December 31, 2017

Fire Chief: Kenneth Himel, Jr.

Purpose	Amount
Salary	\$82,415
Benefits-insurance	18,621
Benefits-retirement	21,840
Benefits-other	1,200
Car allowance	-0-
Vehicle provided by government	9,091
Per diem	-0-
Reimbursements/cell phone	-0-
Travel	1,472
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

This form is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

**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**

To the Board of Commissioners
Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government
Houma, Louisiana

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 the Bayou Cane Fire Protection District (the District), as of and for the year ended December 31, 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 May 4, 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 circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control

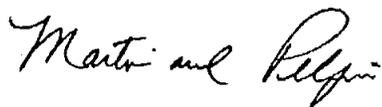
that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. This report is intended for the information and use of management, Board of Commissioners, and the Louisiana Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana
May 4, 2018

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Schedule of Findings and Responses
For the Year Ended December 31, 2017

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Bayou Cane Fire Protection District.
2. No deficiencies in internal control over financial reporting were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.
4. No instances of noncompliance under the provisions of the Louisiana Governmental Audit Guide were disclosed during the audit of the financial statements.
5. A management letter was not issued.
6. The District did not receive or expend federal funds during the year.

Section II – Financial Statement Findings

No findings related to the Bayou Cane Fire Protection District, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section III – Federal Awards

No federal awards were received during the year.

Bayou Cane Fire Protection District
Terrebonne Parish Consolidated Government

Schedule of Prior Findings and Responses
For the Year Ended December 31, 2017

Note: All prior findings relate to the December 31, 2016 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control (2016-02)

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Commissioners of the District should closely monitor the day-to-day activities of the District.

Planned Action: The Board of Commissioners will closely monitor the day-to-day activities of the District.

Current Status: Resolved.

Under Collateralization of Cash Deposits (2016-01)

Condition: The District's cash deposits were under collateralized at one of its financial institutions at times during the year ended December 31, 2016.

Recommendation: The management of the District should contact its fiscal agent when a significant deposit is to be made to ensure that deposits are fully collateralized at all times. As the fiscal agent monitors deposits versus collateralization only at the beginning of each month, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are more frequently performed to ensure that cash deposits are fully collateralized at all times.

Planned Action: The District will implement the recommendation as described above.

Status: Resolved.

Section II- Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

**Martin
and
Pellegrin**

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
Bayou Cane Fire Protection District
Houma, Louisiana

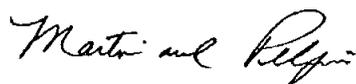
We have performed the procedures enumerated below, which were agreed to by the management of Bayou Cane Fire Protection District and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the 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 the report has been requested or for any other purpose.

The procedures and associated findings are described on pages 37-54.

We were not engaged to, and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the 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 Louisiana Legislative Auditor as a public document.



Houma, Louisiana
May 4, 2018

Bayou Cane Fire Protection District
Schedule of Procedures and Associated Findings of the
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The required procedures and our findings are as follows:

Procedures performed on the District's 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.

Performance: Obtained and reviewed the written policy for budgeting and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.
 - 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.

Performance: Obtained and reviewed the written policy for purchasing and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.
 - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and reviewed the written policy for disbursements and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.
 - d) Receipts, including receiving, recording, and preparing deposits.

Performance: Obtained and reviewed the written policy for receipts and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.
 - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Performance: Obtained and reviewed the written policy for payroll/personnel, and found it to contain the elements included in the above.

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Exceptions: There were no exceptions noted.

Management's Response: Not 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.

Performance: Obtained and reviewed the written policy for contracts and found it to contain the elements included above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- 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.

Performance: Obtained and reviewed the written policy for credit cards, and found it to contain the elements included in the above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Obtained and reviewed the written policy for travel and expense reimbursement policy, and found it to contain the elements included in the above.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- 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 entity's ethics policy.

Performance: Obtained and reviewed the written policy for ethics.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inquired management of its written policy for debt service.

Exceptions: There were no written policies related to debt service.

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Management's Response: Management will consider adopting written policies for debt service.

Procedures performed on the District's Board Minutes:

2. Obtain and review the board 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.

Performance: Obtained and read the written minutes of board meetings.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- 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 entity's prior audit (GAAP-basis).

Performance: Inspected the meeting minutes for budget-to-actual comparisons for the General Fund.

Exceptions: The meeting minutes do not reference monthly budget-to-actual comparisons for the General Fund.

Management's Response: The minutes will reflect presentation of financial statements including budget and actual comparisons to the board. Such presentation is already being performed at each meeting.

- a. 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.

Performance: Determined that deficit spending did not exist.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- 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.

Performance: Inspected the meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts and disbursements.

Exceptions: There were no expectations noted.

Bayou Cane Fire Protection District
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Management's Response: Not applicable.

Procedures performed on the District's bank reconciliation:

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no expectations noted.

Management's Response: Not applicable.

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). 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;

Performance: Selected two bank accounts out of a total of two accounts. Reviewed to determine if reconciliations were prepared for each month.

Exceptions: There were no expectations noted.

Management's Response: Not applicable.

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

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: There was no indication that bank reconciliations were reviewed.

Management's Response: A member of management will review bank reconciliations monthly.

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

Performance: Inspected management research documentation for items outstanding for more than six months.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Bayou Cane Fire Protection District
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Procedures performed on the District's collections:

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

Performance: Obtained the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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).

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, and (3) not required to share the same cash register or drawer with another employee.

Performance: Inquired of management as to its cash collection policies.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) Obtain existing written documentation and report whether the entity 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.

Performance: Inspected policy manual, as well as inquiries of management to ensure separation of duties.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

- a. Using entity 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.

Performance: Inspected the highest dollar week of cash collections and determined that all receipt transactions were deposited within 24 hours.

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Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inquired of management of sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

7. Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by person who is not responsible for collections.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the District's general disbursements (excluding credit card, fuel cards, P-cards purchases or payments):

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

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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 entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation 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.

Performance: Randomly selected 25 disbursements using a random number generator for check numbers. Inquired of management as to requisition/purchase

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orders, and how invoices are approved.

Exceptions: Management does not use a documented purchase order system. The employee who needs to request an item will do so by requesting from the fire chief or assistant fire chief. All request are oral, not written.

Management's Response: Management will consider adopting a change in its policies to use a formal, written purchase order/requisition system.

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

Performance: Inquired of management as to purchase approval process.

Exceptions: Management does not use written purchase orders. The fire chief or assistant fire chief orally approves all purchase requests made by the employee.

Management's Response: Management will consider adopting a change in its policies to use a formal, written purchase order/requisition system.

- 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.

Performance: Inquired of management and inspected approved invoices.

Exceptions: Payments are processed without written purchase orders, and receiving reports. The secretary approves invoices after they are received and initials them to show proper approvals. All invoices are approved before payment is made.

Management's Response: Management will consider adopting a change in its policies to use a formal, written purchase order/requisition system.

10. Using entity documentation, report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

11. Using entity 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.

Performance: Inspected policy as to who is responsible for signing checks and making the final authorization for disbursements. Purchases can be requested by employees. All checks require two signatures from either the Fire Chief, Assistant Fire Chief, outside accountants, or board members.

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Exceptions: There were no exceptions were noted.

Management's Response: Not applicable.

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 entity documentation and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed where the supply of unused checks are held. The fire cheif, as well as the board members with signatory authority, do not have access to unused checks.

Exceptions: Individuals responsible for unused/ blank checks also have signing authority.

Management's Response: Management will separate the functions of blank check custodianship and check signing when it is cost beneficial to do so.

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.

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the District's credit cards, debit cards, fuel card, p-cards:

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and Pcards (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.

Performance: Inspected the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

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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.

Performance: Obtained all monthly statements for the credit card and observed supporting documentation.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Reviewed the selected credit card statement and determined no finance charges and/or late fees were assessed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected. For each transaction report whether the transaction is supported by:

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Observed documentation of the purpose of each transaction. Inspected all meal charges for documentation included the names of the individuals participating.

Exceptions: Two credit card transactions did not document the meal's attendees. One credit card purchase did not document the business purpose.

Management's Response: Management will ensure that only credit card purchases supported by an original, properly documented, itemized receipt will be paid by the District.

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

Performance: Observed written policies and inquired if prior written authorization or approval was needed for transactions.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- a.) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity'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 exception.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) 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. 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.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the 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.

Performance: Observed a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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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.

Performance: Management's travel and expense policies reference the rates established by the State of Louisiana as their applicable rates and mileage rates applicable with the IRS. Noted stated rates complied with GSA rates.

Exceptions: There were no exceptions noted.

Management's Response: 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 entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to applicable rates.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b.) Report whether each expense is supported by:

- a. An original itemized receipt that identifies precisely what was purchased.

Performance: Inquired of management of itemized receipts. All travel and expense reimbursements are for mileage reimbursements, other than the credit card charges previously tested. Documentation of the business/public purpose was written on the expense reimbursement.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- b. Documentation of the business/public purpose.

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Performance: Inquired of management of itemized receipts, all travel and expense reimbursements are for mileage reimbursements, other than the credit card charges previously tested. Documentation of the business/public purpose was written on the expense reimbursement.

Exceptions: One transaction did not have documentation of the business purpose.

Management's Response: Management will ensure that only expenses with proper documentation of business purpose will be paid by the District.

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

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- c.) Compare the entity'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.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Inspected documentation to find all approvals by management.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the District's 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.

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Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

Exception: There were no exceptions noted.

Management's Response: 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 auditor). Obtain the related contracts and paid invoices and:

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

Performance: Obtained a listing of contract vendors, and selected five vendors that were paid the most during the year. Inspected written contracts that support the service arrangement and the amount paid. Inquired of management of its contract policies.

Exceptions: There were no exceptions noted.

Management's Response: 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:

a. If yes, obtain/compare the supporting contract documentation to legal requirements and report whether the District complied with all legal requirements.

Performance: Not applicable.

Exceptions: Not applicable.

Management's Response: Not applicable.

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

Performance: Determined that the Commission received quotes before accepting the contract.

Exceptions: No exceptions were noted.

Management's Response: 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.

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Performance: Inspected contract to agree to the actual expenditure. The contract was not amended during the year.

Exceptions: There were no exceptions noted.

Management's response: 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.

Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: 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.

Performance: Inspected board meeting minutes and confirmed the board approved the contract and the work performed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the District's payroll and personnel:

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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- 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.

Performance: Traced hourly rate changes during the period to personnel files, where they were approved in writing.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee if the entity had less than 25 employees during the fiscal period, and:

- a.) Report whether all selected employees documented their daily attendance and leave.

Performance: Randomly selected one pay period to test leave taken during the period. Inspected all daily attendance and leave records for proper documentation.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

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

Performance: Reviewed the approved attendance and leave records.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- 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 that earn leave.

Performance: Inquired and confirmed that the District maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

24. Obtain from management a list of those employees 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

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management.

Performance: Requested a list of employees terminated during the period.
None noted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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.

Performance: Inspected payroll reporting forms and determined all payroll tax returns, payroll tax payments, and retirement contributions were timely remitted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Procedures performed on the Ethics:

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.

Performance: Observed the ethics course completion certificates for the employees tested.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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.

Performance: Inquired of management of any ethics violations, none were noted.

Exception: There were no exceptions noted.

Management's Response: Not applicable.

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Procedures performed on the District's debt service:

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

Performance: Inquired of management of as to debt issued during the year. None was noted.

Exception: No exceptions were noted.

Management's Response: Not applicable.

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.

Performance: Reviewed supporting documentation and determined that the District timely made scheduled debt service payments.

Exception: No exceptions were noted.

Management's Response: Not applicable.

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.

Performance: Not applicable.

Exception: Not applicable.

Management's Response: Not applicable.

Other Procedures performed on the District:

31. Inquire of management whether the entity 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.

Performance: Inquired of management of any misappropriations of public funds or assets. None were noted.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

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 concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

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Performance: Inquired and observed if such notice posted on the premises and website.

Exceptions: The notice is not posted to the District's website.

Management's Response: Management will post the notice to their website.

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

Performance: Inspected all procedures, and the results of such procedures and determined if any exceptions to management's representations existed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.