

**DeSoto Parish Fire District No. 9**  
A Component Unit of the DeSoto Parish Police Jury  
Frierson, Louisiana

**Annual Financial Statements  
with Independent Auditor's Report**

**As of and For the Year Ended  
December 31, 2017  
with Supplemental Information Schedules**

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DeSoto Parish Fire District No. 9  
Annual Financial Statements  
with Independent Auditor's Report

As of and for the year ended December 31, 2017  
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## Independent Auditor's Report

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the DeSoto Parish Fire District No. 9, a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Fire District No. 9's basic financial statements as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the DeSoto Parish Fire District No. 9, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 opinions on the financial statements that collectively comprise the DeSoto Parish Fire District No. 9's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency 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 Agency 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 June 28, 2018 on our consideration of the DeSoto Parish Fire District No. 9's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the DeSoto Parish Fire District No. 9's internal control over financial reporting and compliance.

*Kenneth D. Falden & Co., CPAs*

Jonesboro, Louisiana  
June 28, 2018

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Management's Discussion and Analysis  
As of and for the year ended December 31, 2017

As Management of the DeSoto Parish Fire District No. 9, we offer readers of the DeSoto Parish Fire District No. 9's financial statements this narrative overview and analysis of the financial activities of the DeSoto Parish Fire District No. 9 as of and for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the DeSoto Parish Fire District No. 9's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad view of the DeSoto Parish Fire District No. 9's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the DeSoto Parish Fire District No. 9 assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the DeSoto Parish Fire District No. 9 is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 14 - 15 of this report.

**Fund financial statements.** The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the District are governmental funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are nonspendable, restricted, committed, assigned, or unassigned. Such information may be useful in evaluating a government's near-term financing requirements.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Management's Discussion and Analysis  
As of and for the year ended December 31, 2017

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The DeSoto Parish Fire District No. 9 maintains one individual governmental fund. Information as of and for the year ended December 31, 2017, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund.

The DeSoto Parish Fire District No. 9 adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 17 - 20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 36 of this report.

Supplemental information. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the DeSoto Parish Fire District No. 9's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

#### **FINANCIAL HIGHLIGHTS**

-The assets of the District exceeded its liabilities at December 31, 2017 by \$13,056,397.

-The District's net position increased by \$683,793

-At December 31, 2017, the District's governmental funds reported total ending fund balances of \$8,609,124, an increase of \$929,970, from December 31, 2016. The entire balance is available for spending at the District's discretion (unassigned fund balance).

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Management's Discussion and Analysis  
As of and for the year ended December 31, 2017

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of Net Position**

	Governmental Activities	
	2017	2016
<b>Assets</b>		
Cash and equivalents	\$ 548,214	\$ 537,216
Investments	5,772,293	4,522,615
Accounts receivable	2,326,173	2,645,831
Cash and equivalents - restricted	125	125
Capital assets (net of accumulated depreciation)	4,754,184	4,876,795
<b>Total Assets</b>	<u>13,400,989</u>	<u>12,582,582</u>
<b>Deferred Outflows of Resources</b>		
Pension	703,100	859,261
<b>Total Deferred Outflows of Resources</b>	<u>703,100</u>	<u>859,261</u>
<b>Liabilities</b>		
Accounts payable	3,785	13,330
Payroll liabilities	33,897	13,303
Non-current liabilities	956,445	1,002,907
<b>Total Liabilities</b>	<u>994,127</u>	<u>1,029,540</u>
<b>Deferred Inflows of Resources</b>		
Pension	53,565	39,698
<b>Total Deferred Inflows of Resources</b>	<u>53,565</u>	<u>39,698</u>
<b>Net Position</b>		
Net investment in capital assets	4,754,184	4,890,087
Unrestricted	8,302,213	7,482,516
<b>Total Net Position</b>	<u>\$ 13,056,397</u>	<u>\$ 12,372,603</u>

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Management's Discussion and Analysis  
As of and for the year ended December 31, 2017

**Summary of Change in Net Position**

	Governmental Activities	
	2017	2016
<b>Revenues</b>		
Taxes:		
Ad valorem tax	2,271,587	2,639,776
Intergovernmental	11,360	12,778
Rent, royalty, and commission	4,978	970
Investment earnings	32,131	22,926
Miscellaneous	75,984	60,880
<b>Total revenues</b>	<u>2,396,040</u>	<u>2,737,330</u>
<b>Expenses</b>		
Current:		
Public safety - fire protection	<u>1,712,247</u>	<u>1,609,292</u>
<b>Total expenditures</b>	<u>1,712,247</u>	<u>1,609,292</u>
<b>Change in net position</b>	683,793	1,128,038
<b>Net position - December 31, 2016</b>	<u>12,372,605</u>	<u>11,244,567</u>
<b>Net position - December 31, 2017</b>	<u>\$ 13,056,398</u>	<u>\$ 12,372,605</u>

Governmental activities. The most significant revenues of the governmental activities are ad valorem taxes (95%).

Governmental activities revenues decreased by \$341,290 in the current year as compared to the prior year. The increase was primarily attributable to a decrease in ad valorem tax.

Governmental activities expenses increased by \$102,955 in the current year as compared to the prior year. The increase was primarily attributable to an increase in all personnel services, repairs and maintenance, and depreciation.

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

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds. As of December 31, 2017, the governmental fund balance of \$8,609,124 reflects an increase of \$929,970 from December 31, 2016. The entire fund balance is unassigned, which is considered available for appropriation.

The increases in the revenues and expenses of the governmental funds were described in the above Government-Wide Financial Analysis section.

DeSoto Parish Fire District No. 9  
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Management's Discussion and Analysis  
As of and for the year ended December 31, 2017

**GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund final actual revenues were less than budgeted revenue by \$226,075. General Fund actual expenditures were more than budgeted expenditures by \$40,485. The budget was amended during the year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets. As of December 31, 2017, the DeSoto Parish Fire District No. 9's investment in capital assets for its governmental activities totals \$4,754,184 (net of accumulated depreciation). This investment includes land, buildings, equipment, and vehicles. During the year ended December 31, 2017, the District completed construction on a burn building and purchased assets including a dispatch system, five sets of fire gear, three tablets, a mobile radio, two gas detectors, primer, hydrant, and eight air packs. These new assets totaled \$168,099.

Debt administration. At year ended December 31, 2017, the District had \$956,445 of long-term debt. The long-term debt consists of net pension liability.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The fiscal year 2018 budget is forecast to provide \$2,358,000 in revenues and \$6,026,611 in estimated surplus to fund costs of \$2,599,450.

Capital outlay is budgeted in the amount of \$1,290,000.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the DeSoto Parish Fire District No. 9's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Fire Chief Robert C. Hayes, 5535 Highway 175, Frierson, LA 71027.

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Statement of Net Position  
As of December 31, 2017

		Governmental Activities
<b>Assets</b>		
Cash and equivalents	\$	548,214
Investments		5,772,293
Accounts receivable		2,326,173
Cash and equivalents - restricted		125
Capital assets (net of accumulated depreciation)		<u>4,754,184</u>
<b>Total Assets</b>		<u><u>13,400,989</u></u>
 <b>Deferred Outflows of Resources</b>		
Pension		<u>703,100</u>
<b>Total Deferred Outflows of Resources</b>		<u><u>703,100</u></u>
 <b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable		3,785
Payroll liabilities		33,897
<b>Non-Current Liabilities:</b>		
Net pension liability		<u>956,445</u>
<b>Total Liabilities</b>		<u><u>994,127</u></u>
 <b>Deferred Inflows of Resources</b>		
Pension		<u>53,565</u>
<b>Total Deferred Inflows of Resources</b>		<u><u>53,565</u></u>
 <b>Net Position</b>		
Net investment in capital assets		4,754,184
Unrestricted		<u>8,302,213</u>
<b>Total Net Position</b>	<b>\$</b>	<u><u>13,056,397</u></u>

The accompanying notes are an integral part of these statements.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Statement of Activities  
For the Year Ended December 31, 2017

	Major Funds			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
Public safety - fire	\$ 1,712,247	\$ -	\$ -	\$ -	(1,712,247)
Total governmental activities	<u>\$ 1,712,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,712,247)</u>
<u>General Revenues</u>					
Taxes:					
Property taxes					2,271,587
Intergovernmental					11,360
Investment earnings					32,131
Rental income					4,978
Other revenue					75,984
Total general revenues					<u>2,396,040</u>
Change in net position					683,793
Net position - December 31, 2016					<u>12,372,605</u>
Net position - December 31, 2017					<u>\$ 13,056,398</u>

The accompanying notes are an integral part of these statements.

# **FUND FINANCIAL STATEMENTS**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Balance Sheet - Governmental Funds  
As of December 31, 2017

		Governmental Funds
<b>Assets</b>		
Cash and equivalents	\$	548,214
Investments		5,772,293
Accounts receivable		2,326,173
Cash and equivalents - restricted		125
<b>Total Assets</b>	<b>\$</b>	<b>8,646,805</b>
<b>Liabilities &amp; Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$	3,785
Payroll liabilities		33,897
<b>Total Liabilities</b>		<b>37,682</b>
<b>Fund balances:</b>		
Unassigned		8,609,124
<b>Total Fund Balances</b>		<b>8,609,124</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b>8,646,806</b>

The accompanying notes are an integral part of these statements.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

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

Total Fund Balances at December 31, 2017 - Governmental Funds (Statement C)	\$	8,609,124
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		4,754,184
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(956,445)
Deferred outflows of resources		703,100
Deferred inflows of resources		<u>(53,565)</u>
Net Position at December 31, 2017	\$	<u><u>13,056,398</u></u>

The accompanying notes are an integral part of these statements.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

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

	Governmental Funds
<b>Revenues</b>	
Taxes:	
Ad valorem tax	\$ 2,271,587
Intergovernmental	11,360
Rent, royalty, and commission	4,978
<b>Total revenues</b>	<b>2,287,925</b>
<b>Expenditures</b>	
Current:	
Public safety	
Personnel services	977,037
Supplies	48,419
Utilities	30,083
Repairs and maintenance	32,139
Miscellaneous	2,331
Insurance	105,484
Legal and accounting	19,106
Office	27,987
Taxes and licenses	165
Training, education, and travel	12,985
Capital outlay	168,099
<b>Total expenditures</b>	<b>1,423,835</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>864,090</b>
<b>Other financing sources (uses)</b>	
Interest earnings	32,131
Miscellaneous	33,749
<b>Total other financing sources (uses)</b>	<b>65,880</b>
<b>Net changes in fund balances</b>	<b>929,970</b>
<b>Fund balances - December 31, 2016</b>	<b>7,679,154</b>
<b>Fund balances - December 31, 2017</b>	<b>\$ 8,609,124</b>

The accompanying notes are an integral part of these statements.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Funds Balances to the Statement of Activities  
For the Year Ended December 31, 2017

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	929,970
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(290,709)
Capital outlay		168,099

Payment of long-term obligation, including contributions to the pension obligation, is considered an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), but it is a reduction of long-term obligation on the Government-Wide Statements. Proceeds of long-term debt, which is considered an other financing source on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is an increase in long-term debt on the Government-Wide Statements.

Net pension liability decrease (increase)		<u>(123,566)</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>683,794</u></u>

**NOTES TO THE  
FINANCIAL STATEMENTS**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2017

**INTRODUCTION**

The DeSoto Parish Fire District No. 9 is located in DeSoto Parish in northwest Louisiana. As provided by Louisiana Revised Statute 40:1495, the District is governed by a Board of Commissioners consisting of five members appointed by the DeSoto Parish Police Jury. The members of the Board of Commissioners do not receive compensation. The District was created to provide proper fire prevention and control within the District, which is approximately one hundred and sixty-five square miles. The District has acquired land, buildings, and equipment in the effort to achieve its goals. The DeSoto Parish Fire District No. 9 employs a combination of volunteer firefighters and full-time and part-time paid firefighters (including the Fire Chief).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all relevant GASB pronouncements, and GAAP, as applicable to governmental entities. Also, the District's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513 and Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

**B. Reporting Entity**

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. As the governing authority of the parish, for reporting purposes, the DeSoto Parish Police Jury is the financial reporting entity for DeSoto Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the DeSoto Parish Police Jury for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - i. The ability of the government to impose its will on that organization and/or
  - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Notes to the Financial Statements  
As of and for the year ended December 31, 2017

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the DeSoto Parish Police Jury approves the organization's governing body, and the potential for the organization to provide specific benefits to or impose specific financial burdens on the police jury, the District was determined to be a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. Government-Wide Financial Statements**

The District's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities for the District. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the DeSoto Parish Fire District No. 9's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the District's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the District's general revenues.

Direct Expenses - The District reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The District reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues.

DeSoto Parish Fire District No. 9  
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Notes to the Financial Statements  
As of and for the year ended December 31, 2017

**D. Fund Financial Statements**

The accounts of the DeSoto Parish Fire District No. 9 are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the District are classified into one category: governmental.

**Governmental Funds**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

"Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The DeSoto Parish Fire District No. 9 reports the following major governmental funds:

General Fund - The primary operating fund of the District, the General Fund accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

*Revenues*

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes and charges for services.

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Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

*Expenditures*

The governmental funds use the following practices in recording expenditures:

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Principal and interest on long-term debt are recognized when due.

*Other Financing Sources (Uses)*

The governmental funds use the following practices in recording other financing sources (uses):

Sales of fixed assets and long-term debt proceeds and payments are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**E. Equity Classifications**

The DeSoto Parish Fire District No. 9 has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

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Notes to the Financial Statements  
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The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District did not have any nonspendable funds for the year ended December 31, 2017.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted funds for the year ended December 31, 2017.

**Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The District did not have any committed funds for the year ended December 31, 2017.

**Assigned:** This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Commissioners or through the Board delegating this responsibility to a body or official (Fire Chief) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has no assigned funds for year ended December 31, 2017.

**Unassigned:** This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. All funds of the District are designated as unassigned.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

DeSoto Parish Fire District No. 9  
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Notes to the Financial Statements  
As of and for the year ended December 31, 2017

**F. Budgets**

The Fire Chief prepares a proposed budget and submits it to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a formal motion and vote by the Board prior to the commencement of the fiscal year for which the budget is being adopted. The Board of Commissioners may revise or amend the budget at its discretion during legally convened sessions. The District utilizes formal budgetary integration as a management control device for all funds.

The 2017 general fund budget was published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on December 12, 2017, and the budget was adopted by the Board of Commissioners. The budget was amended on December 11, 2017.

**G. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the DeSoto Parish Fire District No. 9 may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The District may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

**H. Investments**

The DeSoto Parish Fire District No. 9's investments comply with Louisiana Revised Statute 33:2955. Under state law, the District may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the District reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

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Notes to the Financial Statements  
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**I. Capital Assets**

Capital assets, which include property, plant, and equipment, are recorded in the governmental column of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Furniture, fixtures, equipment	5-10 years
Kitchen equipment	12 years
Motor vehicles - cars and light trucks	5 years
Motor vehicles - fire trucks	15 years
Buildings	40 years

**J. Deferred Outflows of Resources**

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The District reported deferred outflows of resources of \$703,100 in relation to net pension liability in the government-wide financial statements, and no deferred outflows of resources affect the governmental funds financial statements.

**K. Deferred Inflows of Resources**

The District reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide statement of net position. The District will not recognize the related revenues until a future event occurs. The District reported deferred inflows of resources of \$53,565 in relation to net pension liability in the government-wide financial statements, and no deferred outflows of resources affect the governmental funds financial statements.

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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**2. Ad Valorem Tax**

Ad Valorem taxes are collected by the DeSoto Parish Tax Collector (DeSoto Parish Sheriff) and remitted to the DeSoto Parish Fire District No. 9. Ad Valorem taxes are assessed on a calendar year basis by the DeSoto Parish Tax Assessor. Billed taxes become delinquent on December 31 of the current year. Ad Valorem taxes attach as an enforceable lien on property on December 31 of each year. The taxes are generally collected in December of the current year and January and February of the ensuing year. The following is a summary of the authorized and levied Ad Valorem taxes.

This millage was approved by the Board of Commissioners on June 13, 2016. This millage is the maximum millage that can be assessed without the approval of the voters of the District.

	Authorized Millage	Levied Millage	Expiration Date
Maintenance	18.390	18.390	12/31/2018

**3. Cash and Cash Equivalents**

At December 31, 2017, the District had cash and cash equivalents (book balances) totaling \$548,214, details shown below. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At December 31, 2017, the District had \$557,358 in deposits (collected bank balances). These deposits are secured from risk by \$485,728 federal deposit insurance and \$72,080 in pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The DeSoto Parish Fire District No. 9 has complied with these requirements of state law.

Cash and equivalents are categorized to give an indication of the level of risk assumed by the District at December 31, 2017. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The DeSoto Parish Fire District No. 9 has cash and cash equivalents that are covered by \$485,728 of federal depository insurance. The remaining balance is exposed to custodial credit risk because it is uninsured and collateralized with securities held by the pledging financial institution.

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Notes to the Financial Statements  
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	Amount
Cash on hand	\$ 100
Interest-bearing demand deposits	542,037
Savings deposits	6,077
Total	\$ 548,214

**4. Investments**

The DeSoto Parish Fire District No. 9 maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the District may invest in obligations of the U.S. Treasury and U.S. Agencies, or certificates of deposit. The District has investments that are only certificates of deposits with less than one year of maturity and money markets, and these investments are valued using amortized cost as described in Paragraph 69 of GASB Statement No. 72.

There are three fair valuation techniques that are prescribed in GASB Statement No. 72: the market approach, the cost approach, or the income approach. However, the District values all investments using the amortized cost.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date. Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset, and the government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Below are the fair value measurements of the investments held by the DeSoto Parish Fire District No. 9 at December 31, 2017.

Type of Investment	Level 1	Level 2	Level 3	Other	Total
Money market accounts	\$ -	\$ -	\$ -	2,259,986	2,259,986
Certificates of deposit	-	-	-	3,512,307	3,512,307
Total	\$	\$	\$	5,772,293	\$ 5,772,293

Investment earnings at December 31, 2017 were \$31,808 for interest.

**5. Receivables**

The receivables of \$2,326,173 at December 31, 2017, are as follows:

	Amount
Ad valorem taxes	\$ 2,326,173
Total	\$ 2,326,173

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Notes to the Financial Statements  
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**6. Capital Assets**

A summary of changes in capital assets for the year ended December 31, 2017, is as follows:

	Balance, January 01, 2017	Additions	Deletions	Balance, December 31, 2017
Capital assets not being depreciated				
Land	\$ 75,000	\$ -	\$ -	\$ 75,000
Construction in progress	386,568	-	386,568	-
Total capital assets being depreciated	<u>461,568</u>	<u>-</u>	<u>386,568</u>	<u>75,000</u>
Capital assets being depreciated				
Buildings	2,965,581	449,851	-	3,415,433
Vehicles	2,587,480	-	-	2,587,480
Equipment	460,880	104,815	-	565,696
Total capital assets being depreciated	<u>6,013,942</u>	<u>554,667</u>	<u>-</u>	<u>6,568,609</u>
Less accumulated depreciation				
Buildings	254,923	82,514	-	337,437
Vehicles	1,116,379	162,874	-	1,279,253
Equipment	227,413	45,322	-	272,734
Total accumulated depreciation	<u>1,598,715</u>	<u>290,709</u>	<u>-</u>	<u>1,889,424</u>
Capital assets, net	<u>\$ 4,876,795</u>	<u>\$ 263,958</u>	<u>\$ 386,568</u>	<u>\$ 4,754,185</u>

Depreciation expense of \$290,709 was charged to the public safety function.

**7. Payables**

The payables of \$37,682 at December 31, 2017, are as follows:

	Amount
Accounts	\$ 3,785
Payroll liabilities	33,897
Total	<u>\$ 37,682</u>

**8. Retirement Systems - Firefighters' Retirement System**

*Plan Description*

The DeSoto Parish Fire District No. 9 contributes to the Firefighters' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana.

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Any member of the Plan can retire providing the member meets one of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of 20 years of creditable service.
2. Age 55 with a minimum of 12 years of creditable service.

The monthly amount of benefits are 3 1/3% of their average final compensation multiplied by his total years of service, not to exceed 100% of final salary.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended December 31, 2017, the DeSoto Parish Fire District No. 9's total payroll for all employees was \$808,111. Total covered payroll was \$390,795. Covered payroll refers to all compensation paid by the DeSoto Parish Fire District No. 9 to active employees covered by the System.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters' Retirement System of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana, or by visiting the System's website [www.lafirefightersret.com](http://www.lafirefightersret.com).

*Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2017, total contributions due for employers and employees were 35.25% for January-June and 36.50% for July-December, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer and contribution rates for all members were 25.25% for January-June and 26.50% for July-December, and the employee contribution rate was 10.00% for the entire year. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

The contributions are deducted from the employee's wages or salary and remitted by the DeSoto Parish Fire District No. 9 to the System monthly. The DeSoto Parish Fire District No. 9's contributions to the System for the year ending December 31, 2017 were \$100,976.

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

At December 31, 2017, the District reported a liability of \$956,445 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The DeSoto Parish Fire District No. 9's proportion of the Net Pension Liability was based on a projection of the DeSoto Parish Fire District No. 9's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the District's proportion was 0.166865%, which was an increase of 0.013537% from its proportion measured as of June 30, 2016.

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For the year ended December 31, 2017, the DeSoto Parish Fire District No. 9 recognized pension expense of \$165,325 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$476. Total pension expense for the DeSoto Parish Fire District No. 9 for the year ended December 31, 2017 was \$165,801.

At December 31, 2017, the DeSoto Parish Fire District No. 9 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 53,338
Changes in assumptions	40,004	228
Net difference between projected and actual earnings on pension plan	82,282	-
Changes in employer's proportion of beginning net pension liability	532,050	-
Differences between employer and proportionate share of contributions	-	-
Contributions after the measurement period	48,764	-
<b>Total</b>	<u><u>\$ 703,100</u></u>	<u><u>\$ 53,566</u></u>

The \$48,764 reported as deferred outflows of resources related to pensions resulting from the DeSoto Parish Fire District No. 9's contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2019	\$ 92,791
2019	92,791
2020	92,791
2021	92,791
2022	92,791
2023	92,791
2024	92,791

DeSoto Parish Fire District No. 9  
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Notes to the Financial Statements  
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*Actuarial Assumptions*

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Individual Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.40% per annum (net of investment expenses, including inflation) (decreased from 7.50% in 2016)
Inflation Rate	2.775% per annum (decreased from 2.875% in 2016)
Mortality	The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement
Salary increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases
Cost-of-Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.29% as of June 30, 2017. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2017, are summarized in the following table:

DeSoto Parish Fire District No. 9  
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Asset Type		Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.00%	6.15%
	Non-U.S. Equity	20.00%	7.45%
	Global Equity	10.00%	6.85%
Fixed Income	Fixed Income	23.00%	2.04%
Alternatives	Real Estate	6.00%	4.62%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.40%
	Risk Parity	5.00%	4.79%
		100.00%	45.03%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payment to determine the total pension liability.

*Sensitivity of the DeSoto Parish Fire District No. 9's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the DeSoto Parish Fire District No. 9's proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate.

	1.0% Decrease (6.40%)	Current Discount Rate (7.40%)	1.0% Increase (8.40%)
Employer's proportionate share of net pension liability	\$ 1,374,375	\$ 956,445	\$ 605,115

*Fund Fiduciary Net Position*

Detailed information about the System's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana Audit Report at [www.lafirefightersret.com](http://www.lafirefightersret.com).

**9. Grants**

During the year ended December 31, 2017, the DeSoto Parish Fire District No. 9 received no grants.

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Notes to the Financial Statements  
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**10. Risk Management**

The District is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering each of these risks of loss. The District believes such coverage is sufficient to preclude any significant uninsured losses to the District. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

**11. Litigation and Claims**

At December 31, 2017, the District was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

**12. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

# Kenneth D. Folden & Co.

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

We have audited the financial statements of the governmental activities and each major fund of the DeSoto Parish Fire District No. 9, a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Fire District No. 9's basic financial statements and have issued our report thereon dated June 28, 2018. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the DeSoto Parish Fire District No. 9's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DeSoto Parish Fire District No. 9's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeSoto Parish Fire District No. 9'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting, Finding 2017-002.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the DeSoto Parish Fire District No. 9's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as Finding 2017-001.

### **DeSoto Parish Fire District No. 9's Response to Findings**

The DeSoto Parish Fire District No. 9's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The DeSoto Parish Fire District No. 9's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the DeSoto Parish Fire District No. 9's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kenneth D. Falden & Co., CPAs*

Jonesboro, Louisiana  
June 28, 2018

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Budgetary Comparison Schedule - General Fund  
For the Year Ended December 31, 2017

	Budget - Original	Budget - Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Taxes:				
Ad valorem tax	\$ 2,500,000	\$ 2,500,000	\$ 2,271,587	\$ (228,413)
Intergovernmental	11,500	11,500	11,360	(140)
Rent, royalty, and commission	2,500	2,500	4,978	2,478
<b>Total revenues</b>	<u>2,514,000</u>	<u>2,514,000</u>	<u>2,287,925</u>	<u>(226,075)</u>
<b>Expenditures</b>				
Current:				
Public safety				
Personnel services	951,750	976,750	977,037	(287)
Supplies	41,000	41,000	48,419	(7,419)
Utilities	27,000	27,000	30,083	(3,083)
Repairs and maintenance	43,000	43,000	32,139	10,861
Contractual services	1,500	1,500	-	1,500
Miscellaneous	-	-	2,331	(2,331)
Insurance	135,000	135,000	105,484	29,516
Legal and accounting	19,000	19,000	19,106	(106)
Office	18,000	18,000	27,987	(9,987)
Taxes and licenses	100	100	165	(65)
Training, education, and travel	27,000	27,000	12,985	14,015
Capital outlay	40,000	95,000	168,099	(73,099)
<b>Total expenditures</b>	<u>1,303,350</u>	<u>1,383,350</u>	<u>1,423,835</u>	<u>(40,485)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,210,650</u>	<u>1,130,650</u>	<u>864,090</u>	<u>(266,560)</u>
<b>Other financing sources (uses)</b>				
Interest earnings	25,000	25,000	32,131	7,131
Miscellaneous	50,000	50,000	33,749	(16,251)
<b>Total other financing sources (uses)</b>	<u>75,000</u>	<u>75,000</u>	<u>65,880</u>	<u>(9,120)</u>
<b>Net changes in fund balances</b>	1,285,650	1,205,650	929,970	(275,680)
<b>Fund balances - December 31, 2016</b>	<u>7,679,154</u>	<u>7,679,154</u>	<u>7,679,154</u>	<u>-</u>
<b>Fund balances - December 31, 2017</b>	<u>\$ 8,964,804</u>	<u>\$ 8,884,804</u>	<u>\$ 8,609,124</u>	<u>\$ (275,680)</u>

The accompanying notes are an integral part of these statements.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Firefighters' Retirement System  
For the year ended December 31, 2017

	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.166865%	0.153328%	0.102227%
Employer's proportionate share of the net pension liability (asset)	\$ 956,445	\$ 1,002,907	\$ 551,734
Employer's covered employee payroll	\$ 389,604	\$ 345,721	\$ 149,439
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	245.49 %	290.09 %	369.20 %
Employer's proportion of the net pension liability (asset)	73.55 %	68.16 %	72.45 %

The amounts presented have a measurement date of June 30.

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

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Schedule of Employer Contributions  
Firefighters' Retirement System  
For the year ended December 31, 2017

	2017	2016	2015
Contractually required contribution	\$ 100,976	\$ 96,985	\$ 87,098
Contributions in relation to contractually required contribution	100,976	96,985	87,098
Contribution deficiency (excess)	-	-	-
Employer's covered payroll	\$ 390,795	\$ 369,327	\$ 308,659
Contributions as a percentage of covered employee payroll	25.84 %	26.26 %	28.22 %

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

# **SUPPLEMENTAL INFORMATION**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended December 31, 2017

We have audited the basic financial statements of the DeSoto Parish Fire District No. 9 as of and for the year ended December 31, 2017 and have issued our report thereon dated June 28, 2018. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness       Yes     No      Significant Deficiencies       Yes       No

Compliance

Compliance Material to Financial Statements       Yes     No

B. Findings - Financial Statements Audit

Current Year

**Finding 2017-001 Compliance with Public Bid Law**

Criteria: Louisiana Revised Statute 38:2211-2296, public bid law, requires that all materials and supplies purchases over \$30,000 be publicly bid.

Condition: For the year ended December 31, 2017, the DeSoto Parish Fire District No. 9 purchased air packs for more than \$30,000 but did not publicly bid the purchase.

Effect: The District was in violation of the public bid law.

Recommendation: The District should follow its policy and procedures for purchases and disbursements to insure that any materials and supplies purchases over \$30,000 are subject to public bid.

Management's Response: The District will follow its policy and procedures for purchases and disbursements to insure that any materials and supplies purchases over \$30,000 are subject to public bid.

**Finding 2017-002 Inadequate System to Insure Compliance with Public Bid Law**

Criteria: Management is responsible for establishing internal control over compliance with applicable state revised statutes including the public bid law.

Condition: For the year ended December 31, 2017, the DeSoto Parish Fire District No. 9 purchased air packs for more than \$30,000 but did not publicly bid the purchase.

Effect: There was not an adequate internal control system in place to insure that the public bid law was followed. The District was in violation of the public bid law and would be susceptible to making poor decisions about purchases.

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended December 31, 2017

**Recommendation:** The District should follow its policy and procedures for purchases and disbursements to insure that any materials and supplies purchases over \$30,000 are subject to public bid.

**Management's Response:** The District will follow its policy and procedures for purchases and disbursements to insure that any materials and supplies purchases over \$30,000 are subject to public bid.

Prior Year

**No prior year findings.**

DeSoto Parish Fire District No. 9  
Frierson, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended December 31, 2017

Robert C. Hayes Fire Chief	
Salary	\$ 76,637
Reimbursement - per diem	150
Reimbursement - other	<u>70</u>
	<u>\$ 76,856</u>

# Kenneth D. Folden & Co.

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

To the DeSoto Parish Fire District No. 9  
Frierson, Louisiana  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish Fire District No. 9 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 01, 2017 through December 31, 2017. Management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain the entity'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 entity does not have any written policies and procedures), as applicable:
  - a. Budgeting, including preparing, adopting, monitoring, and amending the budget,
  - 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.
  - c. Disbursements, including processing, reviewing, and approving,
  - d. Receipts, including receiving, recording, and preparing deposits,
  - e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked,
  - 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,
  - 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,
  - h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers,

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, and

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

Exception: The District had written policies and procedures with the exception of ethics and debt service.

Management's Response: The District will document the policies and procedures on the above topics.

## **Board**

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

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

Response: The District met twelve times during the year.

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).

Response: The minutes referenced acceptance of financial statements.

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.

Response: The minutes referenced non-budgetary financial statements.

Exception: See above responses.

Management's Response: None.

## **Bank Reconciliations**

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

Response: Management provided us with a list of bank accounts and representation that the list is complete.

4. Using the listing provided by management, select all of the entity'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;

Response: Bank reconciliations are completed for each month.

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

Response: The District Fire Chief or a Board member did not review the bank reconciliations. However, at every monthly Board Meeting, a financial report was given to inform the Board on all deposits and disbursements.

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.

Response: There were nine outstanding checks that were more than six months old. The District has researched the uncleared transactions and has determined that none of these disbursements will clear the bank accounts.

Exception: See above responses.

Management's Response: Beginning January 2018, the Chief, when he delivers invoices to the Treasurer's office reviews the bank statements and reconciliations and signs a copy of them. Uncleared checks will be removed from the reconciliations when the June, 2018 bank reconciliations are completed.

## Collections

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

Response: Collection location is the Central Station.

6. Using the listing provided by management, select all of the entity'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 (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Response: There is no cash collected by the District.

b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) 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.

Response: We received bank reconciliations for the year, but there is no formal process for reconciling cash collections to the general ledger because cash is not collected.

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

i. 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.

Response: There were ten deposits for the week of February 19, 2017, and all deposits were made at least twenty days after the receipt of the funds.

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

Response: All deposits were supported by a check stub as collection documentation.

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

Response: There is no written policy or procedure to determine completeness of all collections.

Exception: See above responses.

Management's Response: The District will develop a written policy and procedures for determining the completeness of all collections. The District will also develop a written policy and procedures to insure that all deposits are made timely (within one day of receipt).

#### **Disbursements - General**

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.

Response: Management provided a listing of disbursements.

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 (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- 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.

Response: The District does not use a purchase order system; however, the bills are approved for payment and the checks require two signatures. All purchases were supported by a detailed invoice.

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

Response: There is no written policy on whether the person responsible for processing payments is prohibited from adding vendors to the District's purchasing/disbursement system.

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.

Response: The Treasurer has authority to sign checks but does not initiate purchases. The checks require two signatures, so a Board member has to sign them (Board members do not initiate purchases).

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

Response: The supply of unused checks are kept in a locked location.

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.

Response: No signature stamp or machine is used.

Exception: See above responses.

Management's Response: The District will include in its written policy and procedures on disbursements procedures on adding vendors.

### Credit Cards

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

Response: The District has four credit cards.

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. 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.

Response: There is no evidence that the statements were approved by a Board member.

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

Response: There were no finance charges or late fees on any of the selected statements.

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

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

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

Response: For one credit card, there were 15 charges and three were not supported by an itemized receipt. For the other three cards, all charges were supported by an itemized receipt.

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

Response: The statement did not include documentation of the business purpose. For meal charges, there was no documentation of individuals participating.

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

Response: No other documentation is required.

b. 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 exceptions.

Response: There was no exception to the policy or the Louisiana Public Bid Law.

c. For each transaction, 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. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Response: No payments were made that would violate Article 7, Section 14 of the Louisiana Constitution.

Exception: See above responses.

Management's Response: A member of a Board of Commissioners will review credit card receipts for approval. The District will include receipts for all credit card purchases and will insure that documentation for all credit card purchases include the business purposes. For meal charges, there will be documentation of individuals participating.

### **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.

Response: Management provided a listing of travel and related expense reimbursements.

18. Obtain the entity'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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Response: The written policy uses the same rates established by the U.S. General Services Administration.

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.

b. Report whether each expense is supported by:

i. An original itemized receipt that identifies precisely what was purchased.

Response: The expense was supported by an itemized receipt.

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

Response: There was no documentation of the business purpose or documentation of individuals participating in meals.

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

Response: No other documentation is required.

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.

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

Exception: See above responses.

Management's Response: Management will include business purposes and individuals participating in meals for travel and expense reimbursement.

## **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.

Response: Management provided us a representation that there were no contracts.

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

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

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:

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

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

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.

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.

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

Exception: None.

Management's Response: None.

## **Payroll and Personnel**

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

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

Response: Pay structure for employees is maintained by the District and employees were paid according to the structure.

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.

Response: Pay changes were approved by the Board of Commissioners.

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

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

Response: Employees documented their daily attendance and leave.

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

Response: The Fire Chief approved daily timesheets and leave documentation.

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

Response: There was written documentation that the District maintained written leave records.

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

Response: Per discussion with management and review of payroll records, there was one termination and no termination payments.

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.

Response: We reviewed payroll tax reports and all were completed correctly.

Exception: See above responses.

Management's Response: None.

## 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 entity maintained documentation to demonstrate that required ethics training was completed.

Response: Ethics training was completed by the each employee selected.

27. Inquire of management whether any alleged ethics violations were reported to the entity 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 entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Response: Per discussion with management, there were no alleged ethics violations reported.

Exception: None.

Management's Response: None.

#### **Debt Service**

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

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

30. If the entity 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.

Exception: None.

Management's Response: None.

#### **Other**

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 entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Response: Per discussion with management, there were no misappropriations of public funds or assets.

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

Response: We observed the notice posted at the fire station.

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

Response: We did not observe any other exceptions regarding management's representations in the procedures above.

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

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

*Kenneth D. Falden & Co., CPAs*

Jonesboro, Louisiana  
June 28, 2018

**DeSoto Fire District #9**

P.O. Box 124  
Frierson, Louisiana 71027  
Phone 318-797-5673  
Fax 318-797-6220

June 28, 2018

Kenneth D. Folden & Co., CPAs  
302 Eighth Street  
Jonesboro, Louisiana

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2017 through December 31, 2017, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas as applicable.  

Yes  No
2. For the fiscal period January 1, 2017 through December 31, 2017, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.  

Yes  No
3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.  

Yes  No
4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.  

Yes  No
5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between December 31, 2017, and June 28, 2018.  

Yes  No

6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.  
Yes  No
7. We represent that the listing of bank accounts provided to you is complete.  
Yes  No
8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.  
Yes  No
9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.  
Yes  No
10. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards, provided to you is complete.  
Yes  No
11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.  
Yes  No
12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.  
Yes  No
13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.  
Yes  No
14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.  
Yes  No
15. We have disclosed to you other data you deemed necessary to complete SAUPs.  
Yes  No

16. We have responded fully to all inquiries made by you during the engagement.

Yes  No

17. We are not aware of any events that have occurred subsequent to December 31, 2017, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes  No

The previous responses have been made to the best of our belief and knowledge.

Signature Robert C. Hayes Date June 28, 2018

Title Fire Chief

Robert C. Hayes  
EX-OPERTIC NOTARY  
141827

DeSoto Fire Dist. 9