

CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE  
CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2017

WITH  
INDEPENDENT AUDITOR'S REPORT



**SILAS SIMMONS** LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS



**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA**

Annual Financial Statements  
as of and for the Year Ended December 31, 2017  
with Supplementary Information Schedules

**TABLE OF CONTENTS**

|   | <u>Statement</u>    | <u>Page</u> |
|---|---------------------|-------------|
| Independent Auditor's Report-----   |                     | 1-3         |
| <i>Section I - Required Supplementary Information</i>   |                     |             |
| Management's Discussion and Analysis -----  |                     | 4-7         |
| <i>Section II - Basic Financial Statements</i>  |                     |             |
| Government-Wide Financial Statements  |                     |             |
| Statement of Net Position-----  | A                   | 8           |
| Statement of Activities-----  | B                   | 9           |
| <i>Section III - Fund Financial Statements</i>  |                     |             |
| Governmental Funds  |                     |             |
| Balance Sheet-----  | C                   | 10          |
| Reconciliation of the Governmental Funds Balance Sheet<br>to the Statement of Net Position-----   | D                   | 11          |
| Statement of Revenues, Expenditures, and Changes<br>in Fund Balances-----   | E                   | 12          |
| Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances of the Governmental Funds<br>to the Statement of Activities----- | F                   | 13          |
| Notes To Financial Statements-----  |                     | 14-23       |
| <i>Section IV - Required Supplementary Information</i>  |                     |             |
| Statement of Revenues, Expenditures, and Changes in Fund Balances -<br>Budget and Actual (Cash Basis) - General Fund-----                                   | <u>Exhibit</u><br>1 | 24          |
| Notes to the Required Supplementary Information-----  |                     | 25          |
| Schedule of the District's Proportionate Share of the Net Pension Liability-----  |                     | 26          |
| Schedule of the District's Contributions-----   |                     | 27          |

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA**

Annual Financial Statements  
as of and for the Year Ended December 31, 2017  
with Supplementary Information Schedules

**TABLE OF CONTENTS**

|   | <u>Statement</u> | <u>Page</u> |
|---|------------------|-------------|
| <i>Section V - Other Supplementary Information</i>  |                  |             |
| Schedule of Compensation, Reimbursements, Benefits, and Other<br>Payments to Agency Head-----   |                  | 28          |
| Schedule of Compensation paid to Board Members-----   |                  | 29          |
| <i>Section VI - Reports Required by Government Auditing Standards</i>   |                  |             |
| Independent Auditor's Report on Internal Control over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> ----- |                  | 30-31       |
| <i>Section VII - Schedule of Findings</i>   |                  |             |
| Schedule of Findings -----  |                  | 32          |
| Summary of Prior Year Findings -----  |                  | 33          |
| Status of Current Year Findings, Recommendations, and Corrective<br>Action Plan -----   |                  | 34          |
| <i>Section VIII - Agreed-Upon Procedures</i>  |                  |             |
| Independent Accountant's Report on Applying Agreed-Upon Procedures -----  |                  | 35          |
| Supplemental Schedule of Agreed-Upon Procedures and Findings -----  |                  | 36-45       |
| Schedule of Exceptions -----  |                  | 46          |



**SILAS SIMMONS** LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce Street  
P.O. Box 1027  
Natchez, Mississippi 39121-1027  
Telephone: 601.442.7411  
Fax: 601.442.8551

[www.silassimmons.com](http://www.silassimmons.com)

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors  
Concordia Fire Protection District No. 2  
Vidalia, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Concordia Fire Protection District No. 2, a component unit of Concordia 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 District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Concordia Fire Protection District No. 2, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's contributions on pages 4 through 7 and pages 24 through 27 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 Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, reimbursements, benefits, and other payments to the agency head and the schedule of compensation paid to board members are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, reimbursements, benefits, and other payments to the agency head and the schedule of compensation paid to board members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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, reimbursements, benefits, and other payments to the agency head and the schedule of compensation paid to board members are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2018, on our consideration of the Concordia Fire Protection District No. 2'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 Concordia Fire Protection District No. 2's internal control over financial reporting and compliance.

This report is intended for the information of the Members of the Concordia Parish Police Jury and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silas Simmons, LLP*

Natchez, Mississippi  
May 23, 2018

**SECTION I**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

### INTRODUCTION

Our discussion and analysis of Concordia Fire Protection District No. 2 of Concordia Parish, Louisiana's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2017.

The District's boundaries are all of Concordia Parish except inside of the corporate limits of any municipality in Concordia Parish and inside of the Monterey Fire Protection District No. 1. Concordia Parish is located in East Central Louisiana.

### FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$1,502,613 (net position) and \$1,426,530 at December 31, 2017 and 2016, respectively.
- Total revenues exceeded expenditures by \$76,083 at December 31, 2017, and total expenditures exceeded revenues by \$143,360 at December 31, 2016.
- The District had net capital assets of \$1,032,482 and \$1,200,219 at December 31, 2017 and 2016, respectively.
- The total payroll was \$216,192 and \$228,882 at December 31, 2017 and 2016, respectively.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary 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 overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's 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 District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and sales taxes. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 8 through 9 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The basic governmental fund financial statements can be found on pages 10 through 13 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 14 through 23 of this report.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table represents a condensed Statement of Net Position as of December 31, 2017 and 2016:

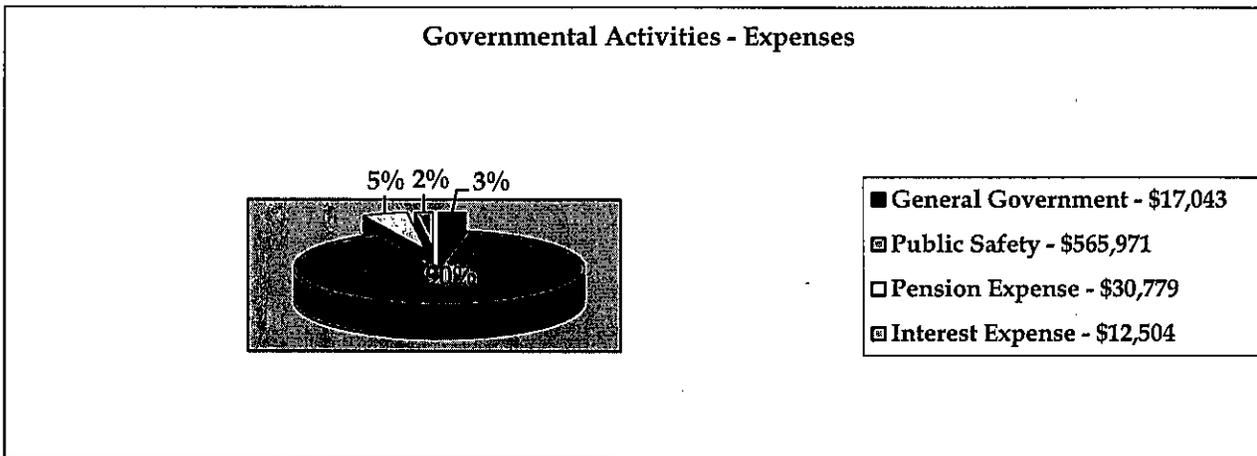
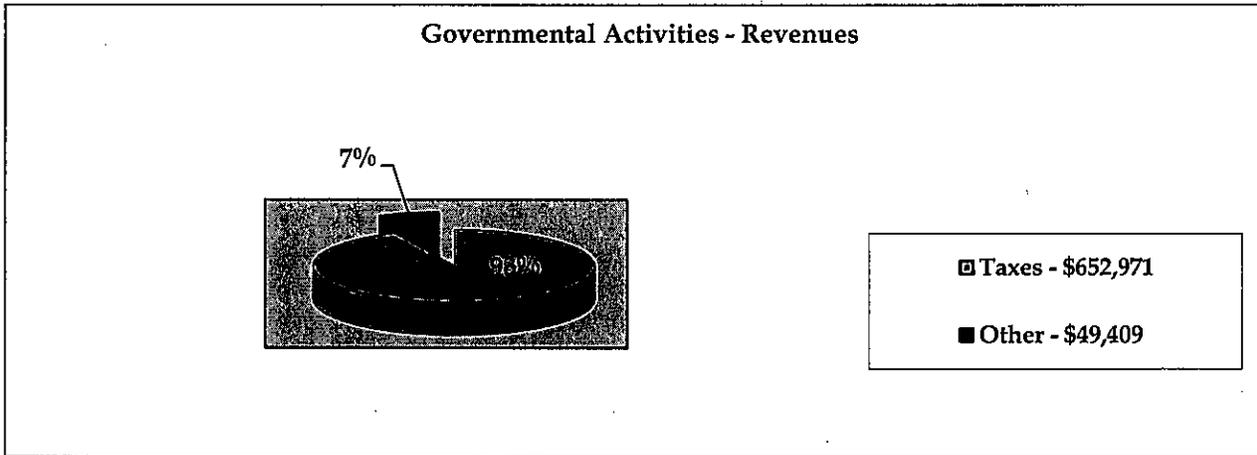
|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| <b>Assets</b>                                     |                     |                     |
| Current assets                                    | \$ 902,426          | \$ 696,068          |
| Capital assets, net                               | <u>1,032,482</u>    | <u>1,200,219</u>    |
| Total assets                                      | <u>\$ 1,934,908</u> | <u>\$ 1,896,287</u> |
| <br>  |                     |                     |
| Deferred outflows of resources                    | <u>\$ 39,599</u>    | <u>\$ 58,693</u>    |
| <br>  |                     |                     |
| <b>Liabilities and Net Position</b>               |                     |                     |
| Current liabilities                               | \$ 118,393          | \$ 321,337          |
| Noncurrent liabilities                            | <u>339,207</u>      | <u>\$ 193,879</u>   |
| Total liabilities                                 | <u>\$ 457,600</u>   | <u>\$ 515,216</u>   |
| <br>  |                     |                     |
| Deferred inflows of resources                     | <u>\$ 14,294</u>    | <u>\$ 13,234</u>    |
| <br>  |                     |                     |
| <b>Net Position</b>                               |                     |                     |
| Investment in capital assets, net of related debt | \$ 794,552          | \$ 888,728          |
| Unrestricted                                      | <u>708,061</u>      | <u>537,802</u>      |
| Total net position                                | <u>\$ 1,502,613</u> | <u>\$ 1,426,530</u> |

The following is a summary of the statement of activities for 2017 and 2016:

|   | <u>2017</u>         | <u>2016</u>         |
|---|---------------------|---------------------|
| <b>Revenues</b>                               |                     |                     |
| Taxes   | \$ 652,971          | \$ 551,257          |
| Interest income                               | 427                 | 399                 |
| Miscellaneous                                 | <u>48,982</u>       | <u>73,408</u>       |
| Total revenues                                | <u>\$ 702,380</u>   | <u>\$ 625,064</u>   |
| <br>  |                     |                     |
| <b>Expenses</b>                               |                     |                     |
| Salaries and related costs                    | \$ 243,732          | \$ 271,934          |
| General administrative                        | 17,043              | 16,287              |
| Depreciation                                  | 208,697             | 225,420             |
| Other public safety                           | 113,542             | 210,815             |
| Pension expense                               | 30,779              | 29,824              |
| Interest expense                              | <u>12,504</u>       | <u>14,144</u>       |
| Total expenses                                | <u>\$ 626,297</u>   | <u>\$ 768,424</u>   |
| <br>  |                     |                     |
| Increase (decrease) in net position           | <u>\$ 76,083</u>    | <u>\$ (143,360)</u> |
| <br>  |                     |                     |
| Net position, beginning of year               | \$ 1,426,530        | \$ 1,488,200        |
| Prior period adjustment                       | <u>-</u>            | <u>81,690</u>       |
| Net position, beginning of year (as restated) | <u>\$ 1,426,530</u> | <u>\$ 1,569,890</u> |
| Net position, end of year (as restated)       | <u>\$ 1,502,613</u> | <u>\$ 1,426,530</u> |

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
 (A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
 VIDALIA, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

The following are graphical representations of information presented in the statement of activities for governmental activities in 2017:



**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget was amended once during the last year.

The actual general fund expenditures were \$38,355 more than budgeted amounts.

Revenues available for expenditure were \$19 more than budgeted amounts.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**CAPITAL ASSETS**

At the end of the year, the District had capital assets of \$4,000,505, including land, buildings, furniture, fire-fighting equipment, and vehicles. Accumulated depreciation was \$2,968,023 at year end. This year there were additions of \$40,960 in capital assets. More detailed information about the District's capital assets is presented in Note 4 of the financial statements.

The additions in 2017 included the following:

|                 |    |               |
|-----------------|----|---------------|
| Doors           | \$ | 3,840         |
| 2017 Ford F-350 |    | <u>37,120</u> |
| Total           | \$ | <u>40,960</u> |

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

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2018.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Nolan Cothren, Fire Chief, Post Office Box 1150, Vidalia, Louisiana 71373, (318) 336-4658.

**SECTION II**  
**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

**ASSETS**

|   |                     |
|---|---------------------|
| Current assets                                  |                     |
| Cash and cash equivalents                       | \$ 205,198          |
| Prepays   | 38,805              |
| Accounts receivable                             | <u>658,423</u>      |
| Total assets                                    | <u>\$ 902,426</u>   |
| Capital assets                                  |                     |
| Capital assets, net of accumulated depreciation | <u>\$ 1,032,482</u> |
| Total capital assets                            | <u>\$ 1,032,482</u> |
| Total assets                                    | <u>\$ 1,934,908</u> |

**DEFERRED OUTFLOWS OF RESOURCES**

|                                |                  |
|--------------------------------|------------------|
| Deferred outflows of resources | <u>\$ 39,599</u> |
|--------------------------------|------------------|

**LIABILITIES**

|                                       |                   |
|---------------------------------------|-------------------|
| Current liabilities                   |                   |
| Accounts payable and accrued expenses | \$ 42,029         |
| Notes payable, current portion        | <u>76,364</u>     |
| Total current liabilities             | <u>\$ 118,393</u> |
| Long-term liabilities                 |                   |
| Net pension liability                 | \$ 177,641        |
| Notes payable, net of current portion | <u>161,566</u>    |
| Total long-term liabilities           | <u>\$ 339,207</u> |
| Total liabilities                     | <u>\$ 457,600</u> |

**DEFERRED INFLOWS OF RESOURCES**

|                               |                  |
|-------------------------------|------------------|
| Deferred inflows of resources | <u>\$ 14,294</u> |
|-------------------------------|------------------|

**NET POSITION**

|   |                     |
|---|---------------------|
| Invested in capital assets, net of related debt | \$ 794,552          |
| Unrestricted                                    | <u>708,061</u>      |
| Total net position                              | <u>\$ 1,502,613</u> |

The accompanying notes are an integral part of this financial statement.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**GENERAL REVENUES**

|                        |                   |
|------------------------|-------------------|
| Taxes - ad valorem     | \$ 652,971        |
| Interest income        | 427               |
| Miscellaneous revenues | <u>48,982</u>     |
| Total general revenues | <u>\$ 702,380</u> |

**GENERAL EXPENSES**

|                         |                   |
|-------------------------|-------------------|
| Governmental activities |                   |
| General government      | \$ 17,043         |
| Public safety           | 565,971           |
| Pension expense         | 30,779            |
| Interest expense        | <u>12,504</u>     |
| Total general expenses  | <u>\$ 626,297</u> |

|                                 |                            |
|---------------------------------|----------------------------|
| Change in net position          | <u>\$ 76,083</u>           |
| Net position, beginning of year | <u>\$ 1,426,530</u>        |
| Net position, end of year       | <u><u>\$ 1,502,613</u></u> |

The accompanying notes are an integral part of this financial statement.

**SECTION III**  
**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2017**

**ASSETS**

|                           |                   |
|---------------------------|-------------------|
| Current assets            |                   |
| Cash and cash equivalents | \$ 205,198        |
| Prepays                   | 38,805            |
| Receivables, net          | <u>658,423</u>    |
| Total current assets      | <u>\$ 902,426</u> |

**LIABILITIES AND FUND BALANCES**

|                                    |                   |
|------------------------------------|-------------------|
| Current liabilities                |                   |
| Accounts payable                   | \$ <u>42,029</u>  |
| Fund balance                       |                   |
| Unassigned                         | \$ <u>860,397</u> |
| Total fund balance                 | <u>\$ 860,397</u> |
| Total liabilities and fund balance | <u>\$ 902,426</u> |

The accompanying notes are an integral part of this financial statement.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

|  |                    |                  |
|--|--------------------|------------------|
| Total Fund Balance – Governmental Fund (Statement C)   | \$                 | 860,397          |
| <p>Amounts reported for governmental activities in the statement of net position (government-wide financial statements) are different because:</p> |                    |                  |
| <p>Capital assets used by governmental activities are not financial resources, and, therefore, are not reported in governmental funds.</p>         |                    |                  |
| Capital assets   | \$ 4,000,505       |                  |
| Less accumulated depreciation  | <u>(2,968,023)</u> | 1,032,482        |
| <p>Deferred outflows and inflows are not financial resources or currently payable.</p>   |                    |                  |
| Deferred outflows  | \$ 39,599          |                  |
| Deferred inflows   | <u>(14,294)</u>    | 25,305           |
| <p>Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds:</p>               |                    |                  |
| Net pension liability  | \$ (177,641)       |                  |
| Note payable   | <u>(237,930)</u>   | <u>(415,571)</u> |
| Total Net Position of Governmental Activities (Statement A)  | \$                 | <u>1,502,613</u> |

The accompanying notes are an integral part of this financial statement.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**GENERAL REVENUES**

|                    |                   |
|--------------------|-------------------|
| Taxes - ad valorem | \$ 652,971        |
| Interest income    | 427               |
| Other revenues     | <u>48,982</u>     |
| Total revenues     | <u>\$ 702,380</u> |

**GENERAL EXPENSES**

|                         |                   |
|-------------------------|-------------------|
| Governmental activities |                   |
| General government      | \$ 17,043         |
| Public safety - fire    | 384,137           |
| Debt service            |                   |
| Capital outlay          | 40,960            |
| Principal               | 73,561            |
| Interest                | <u>12,504</u>     |
| Total expenditures      | <u>\$ 528,205</u> |

|                                 |                          |
|---------------------------------|--------------------------|
| Net change in fund balance      | \$ 174,175               |
| Fund balance, beginning of year | <u>686,222</u>           |
| Fund balance, end of year       | <u><u>\$ 860,397</u></u> |

The accompanying notes are an integral part of this financial statement.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2017**

|  |                  |               |
|--|------------------|---------------|
| Net Changes in Fund Balance - Governmental Fund (Statement E)  | \$               | 174,175       |
| Amounts reported for governmental activities in the statement of Activities (government-wide financial statements) are different because:  |                  |               |
| <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount by which depreciation expense exceeds capital outlays expense in the period:</p> |                  |               |
| Capital outlay   | \$ 40,960        |               |
| Depreciation expense   | <u>(208,697)</u> | (167,737)     |
| <p>Net pension expense is reported in governmental funds as expenditures as they are paid, however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68.</p>   |                  |               |
| Pension expenses paid  | \$ 26,863        |               |
| Pension expenses per GASB 68   | <u>(30,779)</u>  | (3,916)       |
| <p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds from loans are a revenue in the governmental funds, but increase long-term debt in the statement of net position.</p>                           |                  |               |
| Repayment of loans   |                  | <u>73,561</u> |
| Change in net position per statement of activities (Statement B)   | \$               | <u>76,083</u> |

The accompanying notes are an integral part of this financial statement.

**NOTES TO FINANCIAL STATEMENTS**

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**INTRODUCTION**

1. The Concordia Fire Protection District No. 2 was created October 9, 1989, by the Concordia Parish Police Jury by ordinance. The District operates in compliance with Part II, Title 40:1492-1502 of the Louisiana Revised Statutes.
2. The purpose of the District is to provide fire protection.
3. The District's boundaries are all of Concordia Parish except inside of the corporate limits of any municipality in Concordia Parish and inside of the Monterey Fire Protection District No. 1. Concordia Parish is located in East Central Louisiana.
4. A Board of Supervisors appointed by the Concordia Parish Police Jury governs the District. The Board members are paid \$50 per meeting.
5. The District has one full-time employee and ten part-time employees.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying basic financial statements of the Concordia Fire Protection District No. 2 have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

**B. Reporting Entity**

The District does not possess all the corporate powers necessary to make it a legally separate entity from the Concordia Parish Police Jury, which holds the District's corporate powers. For this reason, the District is a component unit of the Concordia 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 the governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. Fund Accounting**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Fund Accounting (continued)**

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following is a description of the District's fund:

1. General Fund - the primary operating fund of the District and it 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.

**D. Measurement Focus/Basis of Accounting**

**Fund Financial Statements**

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

The amounts reflected in the governmental funds of Statements E and F use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

**Government-Wide Financial Statements**

The page labeled Statement of Net Position (Statement A) and the page labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all of the financial activities of the District. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting.

**E. Deposits and Investments**

The entity's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the entity to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Receivables and Payables**

All trade and property tax receivables are shown net of allowance for uncollectibles.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes for 2017:

|                             | <u>Authorized<br/>Millage</u> | <u>Levied<br/>Millage</u> |
|-----------------------------|-------------------------------|---------------------------|
| Fire protection maintenance | 6.77 mills                    | 6.91 mills                |

**G. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable government-wide financial statements. Capital assets are capitalized at historical cost. 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 \$1,000 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u>         | <u>Estimated<br/>Lives</u> |
|----------------------------|----------------------------|
| Buildings and improvements | 40 years                   |
| Furniture and fixtures     | 5 years                    |
| Vehicles                   | 5 years                    |
| Equipment                  | 10-15 years                |

**H. Compensated Absences**

The District has the following policy relating to vacation and sick leave:

**Vacation:** After one (1) year, employee receives eighteen (18) calendar days vacation. After ten (10) years, employee receives one (1) extra day vacation for each year of service over ten (10) years, up to a maximum of thirty (30) days.

**Sick leave:** Employee is required to have a doctor's excuse for absences in excess of three (3) days.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Fund Equity**

Beginning with fiscal year 2013, the Fire District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the District through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

In the general fund, the District strives to maintain an unassigned fund balance to be used for unanticipated emergencies.

**Government-Wide Financial Statements**

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

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Fund Equity (continued)**

**Deferred Outflows/Inflows of Resources**

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

**Program Revenues** - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the District's general revenues.

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

**K. Budget Practices**

A proposed operating budget for the general fund, prepared on the modified accrual basis of accounting, is approved by the District and adopted in accordance with the Local Government Budget Law. The proposed operating budget is legally adopted and amended, as necessary, by the District. All appropriations lapse at year end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At December 31, 2017, the District had cash and cash equivalents (book balances) totaling \$205,198. The cash was held in interest-bearing demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 2 - CASH AND CASH EQUIVALENTS (continued)**

At December 31, 2017, the District had \$211,043 in deposits (collected bank balances). These deposits are secured from risk by \$211,043 of federal deposit insurance.

**NOTE 3 - RECEIVABLES**

The receivables of \$658,423 at December 31, 2017, are as follows:

|                                      |    |                            |
|--------------------------------------|----|----------------------------|
| Ad valorem taxes                     | \$ | 658,423                    |
| Less allowance for doubtful accounts |    | <u>                  -</u> |
| Total receivables                    | \$ | <u>658,423</u>             |

**NOTE 4 - CAPITAL ASSETS**

Capital assets and depreciation activities as of and for the year ended December 31, 2017, are as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increase</u>     | <u>Decrease</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|-----------------|---------------------------|
| Governmental activities:                    |                              |                     |                 |                           |
| Capital assets being depreciated            |                              |                     |                 |                           |
| Buildings                                   | \$ 512,695                   | \$ 3,840            | \$ -            | \$ 516,535                |
| Equipment                                   | <u>3,446,850</u>             | <u>37,120</u>       | <u>-</u>        | <u>3,483,970</u>          |
| Total capital assets being depreciated      | <u>\$ 3,959,545</u>          | <u>\$ 40,960</u>    | <u>\$ -</u>     | <u>\$ 4,000,505</u>       |
| Less accumulated depreciation for:          |                              |                     |                 |                           |
| Buildings                                   | \$ (311,914)                 | \$ (13,789)         | \$ -            | \$ (325,703)              |
| Equipment                                   | <u>(2,447,412)</u>           | <u>(194,908)</u>    | <u>-</u>        | <u>(2,642,320)</u>        |
| Total accumulated depreciation              | <u>\$ (2,759,326)</u>        | <u>\$ (208,697)</u> | <u>\$ -</u>     | <u>\$ (2,968,023)</u>     |
| Total capital assets being depreciated, net | <u>\$ 1,200,219</u>          | <u>\$ (167,737)</u> | <u>\$ -</u>     | <u>\$ 1,032,482</u>       |

Depreciation expense of \$208,697 for the year ended December 31, 2017, was charged to the public safety functions.

**NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounts payable at December 31, 2017, are as follows:

|                              |    |               |
|------------------------------|----|---------------|
| Accounts                     | \$ | 41,306        |
| Payroll taxes and retirement |    | <u>723</u>    |
| Total                        | \$ | <u>42,029</u> |

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 6 - GENERAL DEBT**

The following is a summary of the debt transactions for the year ended December 31, 2017:

|                              |                   |
|------------------------------|-------------------|
| Payable at January 1, 2017   | \$ 311,491        |
| Principal paid               | <u>(73,561)</u>   |
| Payable at December 31, 2017 | <u>\$ 237,930</u> |

Long-term debt as of December 31, 2017, was comprised of the following:

|   |                   |
|---|-------------------|
| Capital lease due to Government Capital Corporation, issued July 15, 2015, in the amount of \$382,820 at an interest rate of 3.81%, due in five annual installments of \$85,429, including interest and principal. Secured by a rescue truck and pledge of revenue. | <u>\$ 237,930</u> |
|---|-------------------|

The annual requirements to amortize note payable as of December 31, 2017, are as follows:

|        | <u>Principal</u>  | <u>Interest</u>  | <u>Total Payment</u> |
|--------|-------------------|------------------|----------------------|
| 2018   | \$ 76,364         | 9,065            | 85,429               |
| 2019   | 79,273            | 6,156            | 85,429               |
| 2020   | <u>82,293</u>     | <u>3,136</u>     | <u>85,429</u>        |
| Totals | <u>\$ 237,930</u> | <u>\$ 18,357</u> | <u>\$ 256,287</u>    |

**NOTE 7 - PENSION PLAN DESCRIPTION AND BENEFITS**

Plan Description: The District contributes to the Firefighters' Retirement System. The Plan is a cost-sharing, multiple-employer, defined-benefit pension plan. The Plan is administered by a board of trustees. The Plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. Louisiana Revised Statutes 11:2551 et seq. grants the board of trustees the authority to establish and amend benefit provisions of the Plan.

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

At December 31, 2017, the District reported a liability of \$177,641 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2017, the District's proportion was .030992 percent.

For the year ended December 31, 2017, the District recognized pension expense of \$30,706 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$73. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 - PENSION PLAN DESCRIPTION AND BENEFITS (continued)**

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ -                                      | \$ 9,907                                 |
| Changes of assumptions  | 7,430                                     | 42                                       |
| Net difference between projected and actual earnings on<br>pension plan investments                               | 15,282                                    | -  |
| Changes in proportion and differences between:<br>District contributions and proportionate share of contributions | 7,169                                     | 4,345                                    |
| District contributions subsequent to the measurement date   | <u>9,718</u>                              | <u>-</u>                                 |
| Total   | <u>\$ 39,599</u>                          | <u>\$ 14,294</u>                         |

\$9,718 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |                  |
|----------------------------|------------------|
| 2018                       | \$ 6,236         |
| 2019                       | 9,296            |
| 2020                       | 2,515            |
| 2021                       | (5,232)          |
| 2022                       | 1,356            |
| Thereafter                 | <u>1,416</u>     |
|                            | <u>\$ 15,587</u> |

*Actuarial assumptions.* The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                  |   |
|----------------------------------|---|
| Valuation date                   | June 30, 2017   |
| Actuarial cost method            | Entry Age Normal Cost   |
| Estimated Remaining Service Life | 7 years, closed period  |
| Investment rate of return        | 7.4% per annum  |
| Inflation Rate                   | 2.775% per annum  |
| Salary Increase                  | Vary from 15.0% in the first two years of service to 4.75% after 14 years |
| Cost of Living adjustments       | Only those previously granted   |

The long-term expected real 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 were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term geometric expected rate of return was 8.29% as of June 30, 2017. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017, are summarized in the following table:

CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 7 - PENSION PLAN DESCRIPTION AND BENEFITS (continued)

| Asset Class                        | Target Asset<br>Allocation | Long-term Expected<br>Portfolio Real Rate<br>of Return |
|------------------------------------|----------------------------|--|
| Fixed Income                       | 23%                        | 1.85%  |
| Equity                             | 57%                        | 6.77%  |
| Alternatives                       | 10%                        | 6.67%  |
| Other                              | 10%                        | 4.30%  |
| Totals                             | 100%                       | 5.34%  |
| Inflation                          |                            | 3.00%  |
| Expected Arithmetic Nominal Return |                            | 8.34%  |

*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 contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer entities will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity to Changes in Discount Rate:*

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.40%) or one percentage point higher (8.40%) than the current date.

|                       | Changes in Discount Rate 2017 |               |            |
|-----------------------|-------------------------------|---------------|------------|
|                       | 1%                            | Current       | 1%         |
|                       | Decrease                      | Discount Rate | Increase   |
|                       | 6.40%                         | 7.40%         | 8.40%      |
| Net Pension Liability | \$ 255,264                    | \$ 177,641    | \$ 112,389 |

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**

**NOTES TO SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7 - PENSION PLAN DESCRIPTION AND BENEFITS (continued)**

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

The retirement system issues publicly available financial reports that include financial statements and required supplementary information for the Plan. The financial reports may be obtained from:

Firefighters' Retirement System  
Post Office Box 94095, Capital Station  
Baton Rouge, Louisiana 70804-9095

Funding Policy: Plan members are required to contribute 10% of their annual covered salary, and the District is required to contribute at an actuarially determined rate. The District's rate is 25.25% of annual covered payroll as of December 31, 2017. The District's contribution to the Plan for the years ending December 31, 2017 and 2016, was \$26,863 and \$18,737, respectively.

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to certain risks of losses such as property damage, liability issues, and other potential losses that may occur. The District minimizes its losses by purchase of commercial insurance. The District's exposure over the amount of insurance is considered to be immaterial.

**SECTION IV**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2017**

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>                         | <u>Variance</u>                          |
|--|-------------------------|-------------------|---------------------------------------|--|
|  | <u>Original</u>         | <u>Final</u>      | <u>Amounts</u><br><u>Budget Basis</u> | <u>Favorable</u><br><u>(Unfavorable)</u> |
| <b>REVENUES:</b>                             |                         |                   |                                       |  |
| Taxes - ad valorem                           | \$ 471,400              | \$ 495,726        | \$ 495,726                            | \$ -                                     |
| Interest income                              | 6,000                   | 408               | 427                                   | 19                                       |
| Other revenues                               | <u>22,600</u>           | <u>48,982</u>     | <u>48,982</u>                         | <u>-</u>                                 |
| Total revenues                               | <u>\$ 500,000</u>       | <u>\$ 545,116</u> | <u>\$ 545,135</u>                     | <u>\$ 19</u>                             |
| <b>EXPENDITURES:</b>                         |                         |                   |                                       |  |
| Governmental expenses                        |                         |                   |                                       |  |
| General government                           | \$ 21,550               | \$ 17,042         | \$ 17,043                             | \$ (1)                                   |
| Public safety - fire                         | 512,134                 | 391,432           | 390,758                               | 674                                      |
| Capital outlay                               | 41,000                  | 1,932             | 40,960                                | (39,028)                                 |
| Debt service                                 |                         |                   |                                       |  |
| Principal                                    | 160,249                 | 85,429            | 73,561                                | 11,868                                   |
| Interest                                     | <u>1,000</u>            | <u>636</u>        | <u>12,504</u>                         | <u>(11,868)</u>                          |
| Total expenditures                           | <u>\$ 735,933</u>       | <u>\$ 496,471</u> | <u>\$ 534,826</u>                     | <u>\$ (38,355)</u>                       |
| Excess of revenues over (under) expenditures | \$ (235,933)            | \$ 48,645         | \$ 10,309                             | \$ (38,336)                              |
| Fund balance, beginning of year              | <u>194,889</u>          | <u>194,889</u>    | <u>194,889</u>                        | <u>-</u>                                 |
| Fund balance, end of year                    | <u>\$ (41,044)</u>      | <u>\$ 243,534</u> | <u>\$ 205,198</u>                     | <u>\$ (38,336)</u>                       |

See Independent Auditor's Report.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2017**

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the actual data on the cash basis, and variances between the final budget and the actual data.

2. Budget/GAAP Reconciliation

The major differences between the budgetary basis and the GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

The following schedule reconciles net change in fund balances on the budgetary basis schedules to the GAAP basis financial statements for the General Fund.

|   | <u>General<br/>Fund</u> |
|---|-------------------------|
| Net change in fund balance - budget basis | \$ 10,309               |
| Increase                                  |                         |
| Net adjustments for revenue accruals      | 157,245                 |
| Net adjustments for expenditure accruals  | <u>6,621</u>            |
| Net change in fund balance - GAAP basis   | <u>\$ 174,175</u>       |

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**FIREFIGHTERS' RETIREMENT SYSTEM**

|   | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|
| District's proportion of the net pension liability (asset)  | .030992%    | .029641%    | .029311%    |
| District's proportionate share of the net pension liability (asset)   | \$ 177,641  | \$ 193,879  | \$ 158,195  |
| District's covered-employee payroll   | \$ 67,342   | \$ 71,380   | \$ 62,289   |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 263.79%     | 271.62%     | 253.97%     |
| Plan fiduciary net position as a percentage of the total pension liability  | 73.55%      | 78.16%      | 72.45%      |

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**FIREFIGHTERS' RETIREMENT SYSTEM**

|  | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     |
|--|-----------------|-----------------|-----------------|
| Contractually required contribution                                  | \$ 18,977       | \$ 18,737       | \$ 17,597       |
| Contributions in relation to the contractually required contribution | <u>(18,977)</u> | <u>(18,737)</u> | <u>(17,597)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered-employee payroll                                  | \$ 67,342       | \$ 71,380       | \$ 62,289       |
| Contributions as a percentage of covered-employee payroll            | 28.14%          | 26.25%          | 28.25%          |

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

**SECTION V**  
**OTHER SUPPLEMENTARY INFORMATION**

CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA  
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head Name: Judy Pugh, Chairman  
Per diem \$ 600

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

|                |    |              |
|----------------|----|--------------|
| Dempsey Hillen | \$ | 600          |
| Dorothy Dew    |    | 600          |
| Harvey Cowan   |    | 600          |
| Judy Pugh      |    | 600          |
| Virgil Barnes  |    | 600          |
|                |    | <u>600</u>   |
|                | \$ | <u>3,000</u> |

See Independent Auditor's Report.

**SECTION VI**  
**REPORTS REQUIRED BY**  
**GOVERNMENT AUDITING STANDARDS**



209 N. Commerce Street  
P.O. Box 1027  
Natchez, Mississippi 39121-1027  
Telephone: 601.442.7411  
Fax: 601.442.8551  
[www.silassimmons.com](http://www.silassimmons.com)

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

Members of the Board of Supervisors  
Concordia Fire Protection District No. 2  
Vidalia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Concordia Fire Protection District No. 2, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Concordia Fire Protection District No. 2's basic financial statements and have issued our report thereon dated May 23, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Concordia Fire Protection District No. 2'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 Concordia Fire Protection District No. 2's internal control. Accordingly, we do not express an opinion on the effectiveness of Concordia Fire Protection District No. 2's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. The finding reference is 2017-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Concordia Fire Protection District No. 2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2017-2.

### **Concordia Fire Protection District No. 2's Response to Findings**

Concordia Fire Protection District No. 2's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Concordia Fire Protection District No. 2's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Natchez, Mississippi  
May 23, 2018

**SECTION VII  
SCHEDULE OF FINDINGS**

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Section 1: Summary of Auditor's Report**

- |  |  |             |
|--|--|-------------|
| 1. Type of auditor's report issued on the primary government financial statements:           |  |             |
| Governmental activities  |  | Unqualified |
| 2. Internal control over financial reporting:  |  |             |
| a. Material weakness(es) identified?   |  | Yes         |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? |  | No          |
| 3. Noncompliance material to the primary government financial statements?                    |  | Yes         |

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)**  
**VIDALIA, LOUISIANA**  
**SUMMARY OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

| Reference<br>No.  | Fiscal Year<br>Finding<br>Initially<br>Occurred | Description of Finding  | Corrective<br>Action Taken<br>(Yes, No,<br>Partially) | Planned Corrective<br>Action/Partial<br>Corrective Action Taken |
|---|---|---|---|---|
| Section I – Internal Control and Compliance Not Material to the Financial Statements: |   |   |   |   |
| 2016-1  | 2005  | We noted the District does not have adequate segregation of duties in its operations. One individual is responsible for practically every accounting function including record-keeping, check-writing, making deposits, check-signing, and reconciling bank accounts. | No  | This finding continues in the current year as 2016-1.           |

Section II – Internal Control and Compliance Material to the Federal Awards:

None

Section III – Management Letter:

None

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
(A COMPONENT UNIT OF THE CONCORDIA PARISH POLICE JURY)  
VIDALIA, LOUISIANA  
SCHEDULE OF CURRENT YEAR FINDINGS, RECOMMENDATIONS,  
AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| <u>Ref. No.</u>   | <u>Description of Finding</u>   |
|---|---|
| Section I - Internal Control and Compliance Material to the Financial Statements: |   |
| <b>2017-1</b>   | <b>Segregation of Duties (Internal Control)</b>   |
| <b>Condition:</b>   | Due to the small size of the District and the lack of separation of duties from employees, many important elements of good internal controls cannot be implemented to ensure adequate protection of the District's assets.  |
| <b>Criteria:</b>  | Important elements of good internal controls often require that the same employee does not handle the functions of accounting, collections, billing, receiving, and check-writing.  |
| <b>Cause of Condition:</b>  | The small size of the entity and lack of employees.   |
| <b>Effect of Condition:</b>   | Material weakness in internal controls.   |
| <b>Recommendation:</b>  | We recommend that management continue to provide the necessary oversight in its internal control procedures, specifically in the areas of cash receipts, recording of transactions, deposits, and review of checks written.   |
|   | <b>Client Response and Corrective Action:</b> Management indicates that it is not feasible or cost efficient to provide the internal control that a larger organization could provide. Management will continue to provide the necessary oversight in its current internal control procedures in order to safeguard assets. |
| <b>2017-2</b>   | <b>Budget Law Violation (Compliance)</b>  |
| <b>Condition:</b>   | Expenditures were budgeted at \$496,471, and actual expenditures were \$534,826. Expenditures were 7% over the budget.  |
| <b>Criteria:</b>  | The Budget Act requires governments to amend their budgets when revenues fall below budgeted amounts by more than 5% or when expenditures exceed 5% of appropriations.  |
| <b>Cause of Condition:</b>  | Purchase of equipment late in the year that the budget was not amended for.   |
| <b>Effect of Condition:</b>   | Law violation.  |
| <b>Recommendation:</b>  | We recommend the District monitor its spending during the year and comply with the Louisiana budget law.  |
|   | <b>Client Response and Corrective Action:</b> The District will correct this violation.   |

Section II - Internal Control and Compliance Material to Federal Awards:

None

Section III - Management Letter

None

**AGREED-UPON PROCEDURES**



209 N. Commerce Street  
P.O. Box 1027  
Natchez, Mississippi 39121-1027  
Telephone: 601.442.7411  
Fax: 601.442.8551  
[www.silassimmons.com](http://www.silassimmons.com)

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

To the Concordia Fire Protection District No. 2  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in the accompanying pages, which were agreed to by the Concordia Fire Protection District No. 2 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The District's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated findings are included in the attachment following this report.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. 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.

*Silas Simmons, LLP*

Natchez, Mississippi  
May 23, 2018

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2**  
**SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

*Written Policies and Procedures*

---

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

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures.

Through our review, we were able to determine that the District did not have written policies and procedures for budgeting, purchasing, disbursements, receipts, contracting, credit cards and fuel cards, travel and expense reimbursements, and ethics. The policy for payroll/personnel needs to be updated to agree with the Statewide Agreed Upon Procedures guideline. Management is working to put the policies into writing and update them.

## *Board*

---

2. Procedures: 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.
  - 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).
  - 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.

Findings: We obtained a copy of the District's minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons and non-budgetary information for at least one meeting during the fiscal period.

During the above procedures, we noted that the financials were reviewed quarterly instead of on a monthly basis.

## *Bank Reconciliations*

---

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

Findings: We prepared a list of bank accounts from the list management gave for bank confirmations.

No exceptions were noted during the above procedures.

4. Procedures: 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 five 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;
  - 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
  - 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.

Findings: We selected the entity's only bank account and obtained the related bank statements and reconciliations for all months in the fiscal period. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

No exceptions were noted to the above procedures.

## *Collections*

---

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

Findings: We reviewed a listing of cash/check/money order collection locations and management's representation to determine that the listing is complete. The District has one cash collection location at the fire station.

No exceptions were noted during the above procedures.

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

Findings: We performed testing for the process discussed in procedure #5. During testing, we obtained written documentation verifying whether the person who collected cash had no responsibilities for depositing cash in the bank, recording related transactions or reconciling bank statements.

We obtained written documentation to determine whether the entity has a formal process to reconcile collections to the general ledger and subsidiary ledgers by a person that was not responsible for cash collections at the location. We selected the highest week of collections from the general ledger and traced collections to the deposit date on the bank statement to determine that the deposits were made within one day of collection. We also used deposit slips to verify that check collections were completely supported by documents.

During the procedure, we noted that deposit was not within a day of collection. The time passed from when the collection was made to when it was deposited was eight days due to the clerk being on vacation.

7. Procedures: 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.

Findings: We reviewed written documentation to determine that the entity has a process specifically defined to determine completeness of collections for each revenue source by a person who is not responsible for collections.

No exceptions were noted during the above procedure.

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

8. Procedures: 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.

Findings: We reviewed a management listing of entity disbursements from the general ledger and obtained management's representation that the listing was complete.

No exceptions were noted during the above procedures.

9. Procedures: 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 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.

Findings: We obtained and reviewed documentation to determine that the board approves all disbursements. There is no electronic system in place for the group, but they utilize paper purchase orders. We determined that the board approves purchases before payment was processed and reviews invoices the month after with a check listing.

No exceptions were noted during the above procedures.

10. Procedures: 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.

Findings: We reviewed entity documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the entity's purchasing/disbursement system.

During our review of disbursements, we noted that the Fire Chief approves the vendor, and the dispatcher/clerk prepares a purchase order with the new vendor. Then, the new vendor is added by the secretary/treasurer, who can also process payments.

11. Procedures: 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.

Findings: We inquired of management regarding their practices in initiating and approving disbursements for the entity to determine that the board approves all purchases and does not initiate any purchases.

During our review, we noted that the secretary/treasurer has signatory authority and can record transactions. There is no written policy.

12. Procedures: 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.

Findings: We observed that the unused checks are kept in a filing cabinet and locked in the secretary/treasurer's office with access limited to the secretary/treasurer and the fire chief.

During the procedure, we noted that the secretary/treasurer has signatory authority.

13. Procedures: 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.

Findings: We inquired of management to determine whether a signature stamp or signature machine was used. The entity does not use signature stamps.

No exceptions were noted during the above procedures.

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

14. Procedures: 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.

Findings: We inquired of management and received a listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards. We also received representation from management that the listing was complete.

No exceptions were noted during the above procedures.

15. Procedures: 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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: We obtained the combined monthly statement for the cards used by the entity and the individual statements for each credit card and selected the month with the largest dollar activity for each statement. We reviewed the statement to determine whether there was evidence that it was reviewed and approved, in writing by someone other than the authorized card holder. We also reviewed the statement to determine whether finance charges and/or late fees were assessed on the statement.

No exceptions were noted during the above procedures.

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

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- 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.
- 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.

Findings: Using the combined monthly statement from #15, we obtained supporting documentation for all transactions to determine whether there was an original itemized receipt, documentation of the business/public purpose, and other required written documentation. We reviewed the monthly statement to compare the transaction's detail to the Louisiana Public Bid Law. We also compared the entity's documentation of business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution.

No exceptions were noted during the above procedures.

### Travel and Expense Reimbursement

---

17. Procedures: 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.

Findings: We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period.

No exceptions were noted during the above procedures.

18. Procedures: 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.

Findings: We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration.

During the procedure, we noted that the District does not have a written policy for travel and expense reimbursement.

19. Procedures: 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:
    - An original itemized receipt that identifies precisely what was purchased.
    - Documentation of the business/public purpose.
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
  - 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.

Findings: Using the listing from #17 above, we selected the two persons who incurred travel costs during the fiscal period. We reviewed the expense report to compare the documentation to the verbal policies. We obtained supporting documentation for each expense to determine the business purpose. We also determined that each expense was reviewed and approved by someone other than the person receiving the reimbursement.

No exceptions were noted during the above procedures.

### *Payroll and Personnel*

---

20. Procedures: 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.
- 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.

Findings: We obtained a listing of employees with their related salaries and randomly selected five of the District's eleven to determine if compensation paid to them was in compliance with the terms of their employment contract. We also checked for any changes made to hourly pay rates/salaries during the fiscal period.

No exceptions were noted during the above procedures.

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

Findings: We randomly selected four employees to determine if each selected employee documented their daily attendance and leave, whether there was written documentation that supervisors approved the attendance and leave of the selected employees/officials, and whether there is written documentation that the entity maintained written leave record on the selected employees.

No exceptions were noted during the above procedures.

22. Procedures: 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.

Findings: We inquired with management as to whether any employees/officials were terminated during the fiscal period.

No exceptions were noted during the above procedures.

23. Procedures: 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.

Findings: We inquired with management as to whether the entity participates in retirement plans. We reviewed remittances and cancelled checks to verify payroll taxes were remitted timely to appropriate agencies.

No exceptions were noted during the above procedures.

### *Ethics*

---

24. Procedures: Using the 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.

Findings: We obtained the personnel files on the two employees selected in procedure #22 from management to determine whether ethics training/compliance documentation was completed.

No exceptions were noted during the above procedures.

25. Procedures: 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.

Findings: We inquired with management whether any alleged ethics violations were reported to the entity during the fiscal year.

No exceptions were noted during the above procedures.

### *Other*

---

26. Procedures: 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.

Findings: We inquired with management whether the entity had any misappropriations of public funds or assets. Per management, the entity was not aware of any appropriations.

No exceptions were noted during the above procedures.

27. Procedures: 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.

Findings: We observed whether the entity had posted on its premises and website the notice required by R.S. 24:53:1. The notice required by R.S. 24:523:1 was not posted.

During our observation, we noted that the notice was not posted, but it was posted during observation.

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

Findings: We did not observe or otherwise identify any exceptions regarding management's representations.

No exceptions were noted during the above procedures.

**CONCORDIA FIRE PROTECTION DISTRICT NO. 2  
SCHEDULE OF EXCEPTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

| <u>Reference No.</u>  | <u>Description of Exception</u>   |
|---|---|
| <u>Written Policies and Procedures:</u>                                 |   |
| Procedure 1   | The entity did not have written policies for budgeting, purchasing, disbursements, receipts, contracting, credit cards and fuel cards, travel and expense reimbursements, and ethics. The policy for payroll/personnel needs to be updated to agree with the Statewide Agreed Upon Procedures guidelines. Management is working to put the policies into writing and update them. |
| <u>Board:</u>   |   |
| Procedure 2b  | Financials were reviewed quarterly instead of on a monthly basis.   |
| <u>Collections:</u>   |   |
| Procedure 6c  | Deposit was not made within one day of collection. The time passed from when the collection was made to when it was deposited was eight days.   |
| <u>Disbursements:</u>   |   |
| Procedure 10  | The Fire Chief approves the vendor, and the dispatcher/clerk prepares a purchase order with the new vendor. Then, the new vendor is added by the secretary/treasurer, who can also process payments.  |
| Procedure 11  | The secretary/treasurer has signatory authority and can record transactions. There is no written policy.  |
| Procedure 12  | Unused checks are kept in a filing cabinet and locked in the secretary/treasurer's office with access limited to the secretary/treasurer and the fire chief. The secretary/treasurer has signatory authority.   |
| <u>Travel and Expense Reimbursement:</u>                                |   |
| Procedure 18  | There is not a written policy for travel and expense reimbursements.  |
| <u>Other:</u>   |   |
| Procedure 27  | The notice was not posted before the observation, but it was posted during the observation.   |
| <u>Management Response</u>  |   |
| Management plans to address the above findings during fiscal year 2018. |   |