

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

Amelia, Louisiana

Year Ended September 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of St. Mary (hereinafter, the "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of September 30, 2018, 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 budgetary comparison information and schedules for employer's share of net pension liability and employer pension contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the budgetary comparison schedule on page 27, schedule of employer's share of net pension liability on page 28, schedule of employer contributions on page 29, or notes to required supplementary information page 30 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
March 29, 2019

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

Statement of Net Position  
September 30, 2018

	Governmental Activities
ASSETS	
Cash	\$ 381,587
Prepaid expenses	106,998
Deposits	1,489
Capital assets	
Land	477,508
Other, net of accumulated depreciation	<u>1,779,654</u>
Total assets	<u>2,747,236</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	<u>186,008</u>
LIABILITIES	
Accounts and other payables	10,730
Long term liabilities:	
Due within one year	
Capital lease payable	81,005
Due in more than one year	
Capital lease payable	348,320
Net pension liability	<u>568,288</u>
Total liabilities	<u>1,008,343</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension liability	<u>149,698</u>
NET POSITION	
Net investment in capital assets	1,827,837
Unrestricted (deficit)	<u>(52,634)</u>
Total net position	<u>\$ 1,775,203</u>

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

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

Statement of Activities  
Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:			
Public safety:			
Public safety - fire protection	<u>\$ 722,005</u>	<u>\$ 47,642</u>	<u>\$ (674,363)</u>
General revenues:			
Taxes-			
Property taxes, operations and maintenance			654,554
Interest and investment earnings			1,616
Insurance refunds			<u>13,563</u>
Total general revenues			<u>669,733</u>
Change in net position			(4,630)
Net position - October 1, 2017			<u>1,779,833</u>
Net position - September 30, 2018			<u>\$ 1,775,203</u>

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

**FUND FINANCIAL STATEMENTS**

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

Balance Sheet  
Governmental Fund  
September 30, 2018

	<u>General Fund</u>
ASSETS	
Current assets:	
Cash	\$ 381,587
Prepaid expenditures	<u>106,998</u>
Total current assets	<u>488,585</u>
Other assets:	
Deposits	<u>1,489</u>
Total assets	<u>\$ 490,074</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 5,327
Retirement payable	1,633
Payroll taxes payable	<u>3,770</u>
Total liabilities	<u>10,730</u>
Fund balance:	
Nonspendable	106,998
Unassigned	<u>372,346</u>
Total fund balance	<u>479,344</u>
Total liabilities and fund balance	<u>\$ 490,074</u>

(continued)

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

Balance Sheet (continued)  
Governmental Fund  
September 30, 2018

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

Total fund balance for governmental funds at September 30, 2018		\$ 479,344
Cost of capital assets:		
Land	\$ 477,508	
Capital assets, net of accumulated depreciation	<u>1,779,654</u>	2,257,162
Deferred outflows of resources related to net pension liability		186,008
Net pension liability		(568,288)
Deferred inflows of resources related to net pension liability		(149,698)
Long-term liabilities		<u>(429,325)</u>
Net position at September 30, 2018		<u>\$ 1,775,203</u>

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2018

	General Fund
Revenues:	
Local Sources-	
Ad valorem taxes	\$ 654,554
Interest income	1,616
Insurance refunds	13,563
State Sources -	
Intergovernmental	22,000
Total revenues	691,733
Expenditures:	
Current -	
Ad valorem tax deductions	21,328
Amelia Volunteer Fire Department	165,000
Commissioner per diem	1,685
Insurance	38,254
Professional fees	13,594
Salaries and benefits	290,011
Miscellaneous	6,529
Capital outlay	858,650
Total expenditures	1,395,051
Excess (deficiency) of revenues over expenditures	(703,318)
Other financing sources:	
Capital lease proceeds	429,325
Net change in fund balance	(273,993)
Fund balance, beginning	753,337
Fund balance, ending	\$ 479,344

(continued)

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

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)  
Governmental Fund  
Year Ended September 30, 2018

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

Total net changes in fund balance for the year ended September 30, 2018 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (273,993)
Cost of capital assets	858,650
Depreciation expense	(166,271)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	(19,333)
Nonemployer pension contribution revenue	25,642
Proceeds from capital lease	<u>(429,325)</u>
Total changes in net position for the year ended September 30, 2018 per Statement of Activities	<u>\$ (4,630)</u>

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

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

Notes to Financial Statements

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

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

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

Notes to Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Governmental Fund –

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

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

Notes to Financial Statements (continued)

C. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

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

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

D. Measurement Focus/Basis of Accounting

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

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

Revenues

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

Substantially all other revenues are recorded when received.

Expenditures

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

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

Notes to Financial Statements (continued)

E. Cash

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

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

F. Investments

Under state law, the District may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

G. Prepaid Items

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

H. Deferred Outflows of Resources and Deferred Inflows of Resources

The District reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its government-wide statement of net position. The District reports deferred outflows of resources and deferred inflows of resources related to its net pension liability.

I. Equity Classifications

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

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

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

Notes to Financial Statements (continued)

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

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

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

J. Pensions

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Notes to Financial Statements (continued)

(2) Cash

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2018, the District has cash and interest-bearing deposits (book balances) totaling \$381,587 as follows:

Demand deposits	\$ 131,399
Time deposits	<u>250,188</u>
Total	<u>\$ 381,587</u>

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposits (bank balances) at September 30, 2018 are as follows:

Bank balances	<u>\$ 477,923</u>
Federal deposit insurance	<u>\$ 477,923</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District will not be able to recover collateral securities that are in the possession of an outside party. As of September 30, 2018, all of the District's deposits are covered by federal deposit insurance. The District has not formally adopted policies that limit allowable deposits or investments and address the specific type of risk to which the District is exposed, nor a policy to monitor or attempt to reduce exposure to custodial credit risk.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property within the District's taxing area as of January 1 of each year. Taxes are levied by the District in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The St. Mary Parish Sheriff bills and collects the District's property taxes using the assessed values determined by the tax assessor of St. Mary Parish. District property tax revenues are budgeted in the year billed. For the year ended September 30, 2018, the District levied a property tax of 10.0 mills for maintenance and operations on property with assessed valuations totaling \$66,419,766. The total taxes collected were \$654,554.

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

Notes to Financial Statements (continued)

(4) Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	<u>Balance</u> <u>10/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2018</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 477,508	-	-	\$ 477,508
Capital assets, being depreciated:				
Buildings	884,150	-	-	884,150
Equipment	927,706	858,650	-	1,786,356
Improvements	<u>79,422</u>	<u>-</u>	<u>-</u>	<u>79,422</u>
Total capital assets, being depreciated	<u>1,891,278</u>	<u>858,650</u>	<u>-</u>	<u>2,749,928</u>
Less: accumulated depreciation				
Buildings	220,976	26,161	-	247,137
Equipment	549,034	135,565	-	684,599
Improvements	<u>33,993</u>	<u>4,545</u>	<u>-</u>	<u>38,538</u>
Total accumulated depreciation	<u>804,003</u>	<u>166,271</u>	<u>-</u>	<u>970,274</u>
Net capital assets, being depreciated	<u>1,087,275</u>	<u>692,379</u>	<u>-</u>	<u>1,779,654</u>
Net capital assets	<u>\$1,564,783</u>	<u>\$692,379</u>	<u>\$ -</u>	<u>\$2,257,162</u>

Depreciation expense in the amount of \$166,271 was charged to public safety, \$20,870 of which relates to the District's capital lease.

The capital asset recorded under the District's capital lease pertains to the acquisition of a fire apparatus. The gross amount carried in equipment category is \$408,455.

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

Notes to Financial Statements (continued)

(5) Retirement Plan

Firefighters' Retirement System (System)

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

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

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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

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

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

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

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

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

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

Notes to Financial Statements (continued)

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

Upon commencement of participation in DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

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

Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11 :2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of "X x (A+B)," where "X" is any amount up to \$1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

Employer Contributions: Employer contributions are actuarially determined each year. For the year ended June 30, 2018, employer and employee contributions for members above the poverty line were 26.50% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.0%, respectively.

Non-Employer Contributions: The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2018 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At September 30, 2018, The District reported liabilities in its government-wide financial statements of \$568,288 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2018 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system,

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

Notes to Financial Statements (continued)

the District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportional share of the System was 0.098797%, which was a increase of 0.00442% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the District recognized a pension expense of \$79,221 in its governmental activities related to its participation in the System.

At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 43,253
Changes in Assumption	39,644	90
Net difference between projected and actual earnings on pension plan investments	36,953	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	96,431	106,355
Employer contributions subsequent to the measurement date	12,980	-
	\$ 186,008	\$ 149,698

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

Notes to Financial Statements (continued)

The \$12,980 reported as deferred outflows of resources related to pensions resulting from the District's contributions to the System subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2019	\$ 13,998
2020	(7,620)
2021	(19,142)
2022	11,678
2023	20,836
2024	3,580
	\$ 23,330

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

	Firefighters' Retirement System
Valuation Date	June 30, 2018
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected emaining service lives	7 years
Investment rate of return	7.3% per annum (net of fees)
Inflation rate	2.700% per annum
Projected salary increases	Varies from 15% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009, through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled

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

Notes to Financial Statements (continued)

Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Equity:		
U.S. Equity	22.00%	6.14%
Non-U.S. Equity	22.00%	7.46%
Global Equity	10.00%	6.74%
Fixed Income	26.00%	1.76%
Alternatives:		
Real Estate	6.00%	4.38%
Private Equity	4.00%	8.73%
Multi-Asset Strategies:		
Global Tactical Asset Alloc	5.00%	4.31%
Risk Parity	<u>5.00%</u>	4.89%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.30%, a decrease from 7.40% used for the prior measurement date. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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 7.30%, 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 6.30% or one percentage point higher 8.30% than the current rate as of June 30, 2018.

Changes in Discount Rate: Firefighters' Retirement System			
Current			
	1%	Discount	1%
	Decrease	Rate	Increase
	<u>6.30%</u>	<u>7.30%</u>	<u>8.30%</u>
Net Pension Liability	<u>\$ 829,267</u>	<u>\$ 568,288</u>	<u>\$ 348,976</u>

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2018, the District recognized revenue as a result of support received from the non-employer contributing entities of \$25,642 for its participation in the System.

Payables to the Pension Plan: The District recorded accrued liabilities to the System for the year ended September 30, 2018, primarily due to the accrual of accounts payable at the end of the fiscal year. The amounts due are included in liabilities under the amounts reported as accounts and other payables. The balance due to the System as of September 30, 2018 is \$4,327.

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

(6) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is named insured on commercial insurance policies, purchased through the market, by the Amelia Volunteer Fire Department, which covers its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended September 30, 2018. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(7) Long-term Liabilities

The following is a summary of long-term liability transactions of the District for the year ended September 30, 2018:

	<u>10/1/2017</u>	<u>Additions</u>	<u>Payments</u>	<u>9/30/2018</u>	<u>One Year</u>
Capital Lease	<u>\$ -</u>	<u>\$ 429,325</u>	<u>\$ -</u>	<u>\$ 429,325</u>	<u>\$ 81,005</u>

During the fiscal year ended September 30, 2018, the District entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to finance the acquisition of a fire apparatus. The terms of the agreement include an interest rate of 2.914% with annual lease payments due on October 1 of each year, beginning October 1, 2018, and final payment due on October 1, 2022. The lease payments are determined based on a five-year term at the stated interest rate. The renewal of the agreement is contingent upon budget appropriations adopted by the District as provided by a nonappropriation clause in the terms of the lease agreement. On the last day of the lease term, the District has the option to purchase, upon payment in full of the lease payments, plus payment of one (1) dollar.

Debt service requirements to maturity are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	81,005	12,510	93,515
2020	83,365	10,150	93,515
2021	85,794	7,721	93,515
2022	88,294	5,221	93,515
2023	<u>90,867</u>	<u>2,648</u>	<u>93,515</u>
Totals	<u>\$ 429,325</u>	<u>\$ 38,250</u>	<u>\$ 467,575</u>

(8) Compensation Paid to Board Members

The schedule of compensation paid to the Board of Commissioners for the period ended September 30, 2018:

	<u>Per Diem Received</u>
Bonnie Duhon	330
Doyle Corrales	240
Errol Tabor	330
Jimmy Ohmer	180
Joe Venable	360
Joseph Foret, Jr.	30
Royal Young, Jr.	150
Scott Butcher	<u>30</u>
Total	<u>\$ 1,650</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. During the year ended September 30, 2018, the District nominated and elected various members to serve as president. Joseph Foret, Jr., Jimmy Ohmer and Errol Tabor, received \$30, \$180, and \$105, respectively, during their term as president.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

Budgetary Comparison Schedule  
General Fund  
Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance -
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues:				
Ad valorem taxes	\$ 620,000	\$ 620,000	\$ 654,554	\$ 34,554
Intergovernmental	-	-	22,000	22,000
Interest income	1,300	1,300	1,616	316
Miscellaneous income	-	-	13,563	13,563
Total revenues	<u>621,300</u>	<u>621,300</u>	<u>691,733</u>	<u>70,433</u>
Expenditures:				
Current -				
Ad valorem tax deductions	-	-	21,328	(21,328)
Amelia Volunteer Fire Department	227,000	227,000	165,000	62,000
Commissioner per diem	1,800	1,800	1,685	115
Insurance	22,000	22,000	38,254	(16,254)
Professional fees	-	-	13,594	(13,594)
Salaries and benefits	281,200	281,200	290,011	(8,811)
Miscellaneous	-	-	6,529	(6,529)
Capital outlay	<u>1,030,000</u>	<u>1,030,000</u>	<u>858,650</u>	<u>171,350</u>
Total expenditures	<u>1,562,000</u>	<u>1,562,000</u>	<u>1,395,051</u>	<u>166,949</u>
Excess (deficiency) of revenues over expenditures	<u>(940,700)</u>	<u>(940,700)</u>	<u>(703,318)</u>	<u>(237,382)</u>
Other financing sources:				
Capital lease proceeds	<u>-</u>	<u>-</u>	<u>429,325</u>	<u>429,325</u>
Net change in fund balance	<u>(940,700)</u>	<u>(940,700)</u>	<u>(273,993)</u>	<u>237,382</u>
Fund balance, beginning	<u>753,337</u>	<u>753,337</u>	<u>753,337</u>	<u>-</u>
Fund balance, ending	<u>\$ (187,363)</u>	<u>\$ (187,363)</u>	<u>\$ 479,344</u>	<u>\$ 237,382</u>

*See notes to required supplementary information.*

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

Schedule of Employer's Share of Net Pension Liability  
Year Ended September 30, 2018

Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.088403%	\$ 477,121	159,738	298.69%	72.45%
2016	0.072803%	\$ 476,197	164,154	290.09%	68.16%
2017	0.094377%	\$ 540,955	220,378	245.47%	73.55%
2018	0.098797%	\$ 568,288	235,357	241.46%	74.76%

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

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

Schedule of Employer Contributions  
Year Ended September 30, 2018

Year Ended Sept 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 46,337	\$ 46,337	\$ -	\$ 161,172	28.75%
2016	\$ 46,500	\$ 46,500	\$ -	\$ 172,845	26.90%
2017	\$ 58,649	\$ 58,649	\$ -	\$ 229,384	25.57%
2018	\$ 59,888	\$ 59,888	\$ -	\$ 225,992	26.50%

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

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

Notes to Required Supplementary Information  
Year Ended September 30, 2018

(1) Basis of Accounting

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

(2) Budgetary Practices

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

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

(3) Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms for the year ended September 30, 2018.

Changes of assumptions – Changes of assumptions for the year ended September 30, 2018 were as follows for the valuation date June 30, 2018:

- a) Investment rate of return used was 7.30%, a decrease from 7.40% in 2017.
- b) Inflation rate used was 2.700%, a decrease from 2.775% in 2017.

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

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

### Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Fire Protection District No. 3 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 29, 2019.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control that we consider to be material weaknesses, and which are described in the accompanying schedule of audit results and findings as items 2018-001 and 2018-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2018-003.

### **District's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
March 29, 2019

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

Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2018

A. Internal Control

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: See schedule of audit results and findings item 2018-001.

2017-002 Financial Reporting

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

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

CURRENT STATUS: See schedule of audit results and findings item 2018-002.

B. Compliance

2017-003 Local Government Budget Act

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

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

CURRENT STATUS: This condition has been partially resolved. The remaining issues are not significant.

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

Schedule of Audit Results and Findings  
Year Ended September 30, 2018

Part I. Summary of auditor's results:

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

Two (2) deficiencies in internal control were disclosed by the audit of the financial statements and the conditions are considered material weaknesses. No significant deficiencies were reported.

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

A management letter was not issued.

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

A. Internal Control

2018-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

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

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2018

2018-002 Financial Reporting

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

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

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

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

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

B. Compliance

2018-003 Titling of Capital Assets

CONDITION: During the fiscal year ended September 30, 2018, the District acquired two fire apparatuses totaling \$858,650. However, the District failed to title either fire truck in the name of the District, rather the assets are titled to the Amelia Volunteer Fire Department (AVFD). Likewise, during the fiscal year ended September 30, 2014, the District purchased immovable property in the amount of \$477,508, which is also titled in the name of AVFD. Although there is a cooperative endeavor in place, which requires, upon the AVFD's dissolution, transfer of assets titled to the AVFD, but paid with funds of the District, the agreement does not consider, or preclude, the District from potential liens or other liabilities to which the District could be subject, at no fault of the District, since the assets are titled to the AVFD. Furthermore, one of the fire trucks acquired during the fiscal year ended September 30, 2018 was financed in the name of the District, but titled to the AVFD, and the lease agreement constitutes a capital lease in which the District failed to record.

CRITERIA: Article VII, Section 14(a) of the Louisiana Constitution of 1974 states, in part, "[E]xcept as otherwise provided in the Constitution, the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private".

CAUSE: The condition results from lack of clarity and legality of content within the cooperative endeavor causing the District's failure to title assets in the name of the District.

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

Schedule of Audit Results and Findings (continued)  
Year Ended September 30, 2018

EFFECT: Certain assets of the District are not titled as such, exposing the District to potential liabilities related to the actions of the AVFD.

RECOMMENDATION: We recommend the District, with the assistance of legal counsel, update the terms and conditions of the cooperative endeavor agreement with AVFD. We also recommend the District, with the assistance of legal counsel and the Louisiana Attorney General, determine whether the holding of title for capital items purchased with public funds by the AVFD is appropriate. The District should also implement policies and procedures to ensure accounting records reflect activities.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance:

The requirements of the Uniform Guidance are not applicable.

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

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

P.O. Box 921  
Amelia, La. 70340  
Phone (985) 631-2883

March 29, 2019

Kolder, Slaven & Company, LLC  
1201 David Drive  
Morgan City, LA 70380

The following is in response to the finding resulting from the Fire Protection District No. 3 of the Parish of St Mary's audit for the fiscal year ended September 30, 2018:

2018-001 Segregation of Duties

Accounting and financial functions are not adequately segregated.

**Management's Response**

Corrective Action Plan: Due to the size of the operation and cost-benefit of additional personnel, we were advised that a response to this issue is not required

Name of contact person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

2018-002 Financial Reporting

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

**Management's Response**

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

Name of contact person responsible for corrective action: As described above, corrective action is not considered necessary.

Anticipated completion date for the corrective action: As described above, corrective action is not considered necessary.

2018-003 Titling of Capital Assets

During the fiscal year ended September 30, 2018, the District acquired two fire apparatuses totaling \$858,650. However, the District failed to title either fire truck in the name of the District, rather the assets are titled to the Amelia Volunteer Fire Department (AVFD). Likewise, during the fiscal year ended September 30, 2014, the District purchased immovable property in the amount of \$477,508, which is also titled in the name of AVFD. Although there is a cooperative endeavor in place, which requires, upon the AVFD's dissolution, transfer of assets titled to the AVFD, but paid with funds of the District, the agreement does not consider, or preclude, the District from potential liens or other liabilities to which the District could be subject, at no fault of the District, since the assets are titled to the AVFD. Furthermore, one of the fire trucks acquired during the fiscal year ended September 30, 2018 was financed in the name of the District, but titled to the AVFD, and the lease agreement constitutes a capital lease in which the District failed to record.

**Management's Response**

Corrective Action Plan: We will consult with legal counsel regarding the purchase of capital related items and how those items should be legally held, especially considering the public interest in the item, and execute any transfers of title considered necessary.

Name of contact person responsible for corrective action: Errol Tabor, President.

Anticipated completion date for the corrective action: September 30, 2019

Sincerely,

A handwritten signature in cursive script, appearing to read "Errol Tabor".

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

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2017 through September 30, 2018

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have performed the procedures enumerated below, which were agreed to by the Fire Protection District No. 3 of the Parish of St. Mary (hereinafter "District") and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018, as required by the *Louisiana Governmental Audit Guide*. 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 provisions of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated exceptions are as follows:

### *Written Policies and Procedures*

1. Obtain and inspect the District's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

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

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

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

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

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).

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

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

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

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

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

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

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

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

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

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

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

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

### **Board or Finance Committee**

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent documents.

*Obtained and reviewed minutes of the District for the fiscal period noting that the board of commissioners met with a quorum at least monthly, with the exception one (1) month due to lack of a quorum.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

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

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*Obtained and reviewed prior year audit report noting that the ending unrestricted fund balance in the general fund was not negative.*

### ***Bank Reconciliations***

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

*Obtained a listing of client bank accounts from management, which identified the District's main operating account, and management's representation that the listing is complete. Selected the District's main operating account, the only account which is part of the District's daily business operations.*

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

*Bank reconciliations did not evidence date of preparation.*

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

*Management's review of bank reconciliations was not evidenced.*

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

*Obtained bank statements and reconciliations for all months in the fiscal period noting no reconciling items that have been outstanding for more than twelve (12) months.*

### ***Collections***

---

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

*Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the District's one deposit site.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

*Obtained a listing of collection locations for the District's deposit site and management's representation that the listing is complete. Selected the District's only deposit site.*

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*No exceptions noted.*

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. prenumbered receipts) to the deposit.

*The employee responsible for preparing/making deposits is also responsible for collecting cash without another employee reconciling the collection.*

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions noted.*

- d) The employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

*No exceptions noted.*

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

*The individuals responsible for collecting cash are covered by an insurance policy for theft.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit date if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

*Randomly selected two (2) deposit dates and obtained supporting documentation for the two (2) deposits.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Neither of the deposits selected were deposited within one (1) business day of collection.*

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

*No exceptions noted.*

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

---

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

*Obtained listing of locations that process payments from management and management's representation that the listing is complete. Selected the District's only location that processes payments.*

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

*Obtained a listing of those individuals involved with non-payroll purchasing and payment functions and inquired of the individuals regarding their duties.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*The District does not maintain vendor files. All payments are processed via manual check.*

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

*The individual responsible for processing payments also mails the payment.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*Obtained a listing of the District's disbursement population from management and management's representation that the listing is complete. Randomly selected five (5) disbursements.*

- a) Observe that the disbursement matched the related original invoice/billing statement.

*Observed that disbursements selected matched the related original invoice/billing statement, with the exception of two (2) disbursements in which the original invoice/billing statement could not be provided.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions noted.*

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

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

*Obtained management's representation that the District maintains no credit cards, bank debit cards, fuel cards, or P-cards. Therefore, the procedures described within this category are not applicable.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]

*Not applicable.*

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

*Not applicable.*

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

*Not applicable.*

***Travel and Travel-Related Expense Reimbursement (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Obtained management's representation that no travel or travel-related expense reimbursements were disbursed during the fiscal period. Such expenditures are not permitted under the District's adopted policies and procedures. Therefore, the procedures described within this category are not applicable.*

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Not applicable.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*Not applicable.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Not applicable.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Not applicable.*

### ***Contracts***

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- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Obtained a listing of all contracts/agreements that were initiated or renewed during the fiscal period and management's representation that the listing is complete. Selected the District's two (2) contracts.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Not applicable.*

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

*No exceptions noted.*

### ***Payroll and Personnel***

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

*Obtained a listing of employees from management and management's representation that the listing is complete. Selected the five (5) employees employed by the District during the fiscal period and obtained required documentation, noting no exceptions.*

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

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

*The District's employees are all paid based on a salary and do not document their daily attendance. Employees of the District are salaried firefighters in which duties include a rotation of 24 hours "on-call" time. Leave records were properly maintained.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions noted, as applicable.*

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

*No exceptions noted.*

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

*Obtained management's representation that no termination payments were disbursed during the fiscal period.*

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

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

### ***Ethics***

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**Note: Procedures excluded from testing in the current period—Per the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, Year 2: "Entities that did not have exceptions in one or more of the twelve AUP categories tested during Year 1 may exclude those categories in Year 2."**

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

### ***Debt Service (excluding nonprofits)***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*The District entered into a finance agreement during the fiscal period for the lease of a moveable which was not subject to State Bond Commission approval per R.S. 39:1410.60 since the finance agreement contained a nonappropriation clause and did not contain an anti-substitution or penalty clause.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*Inspected the finance agreement noting payment agreed to the terms of the agreement.*

#### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The District has posted on its premises the noticed required by R.S. 24:523.1. The District does not maintain a website.*

#### **Management's Response**

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*The District's Board of Commissioners concurs with the exceptions and are working to address the deficiencies identified.*

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

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
March 29, 2019