

**East Central Bossier Parish Fire District No. 1
Haughton, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2017

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information	
Management's Discussion and Analysis	3 – 8
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to the Financial Statements	15 – 30
Required Supplementary Information	
Budgetary Comparison Schedule	31
Notes to Required Supplementary Information	32
Schedule of Contributions	33
Schedule of Proportionate Share of Net Pension Liability	34
Other Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	35
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	36 – 37
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	38
Corrective Action Plan For Current Year Audit Findings	38

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Independent Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1
Haughton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of East Central Bossier Parish Fire District No. 1, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the East Central Bossier Parish Fire District No. 1 as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

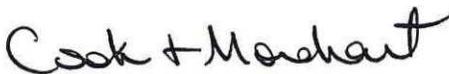
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8, budgetary comparison information on pages 31 – 32, the Schedule of Contributions on page 33, and the Schedule of Proportionate Share of Net Pension Liability on page 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements. The accompanying other supplementary information, Schedule of Compensation, Benefits, and Other Payments to Agency Head, shown on page 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2018, on our consideration of East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1'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 East Central Bossier Parish Fire District No. 1's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
May 16, 2018

EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of East Central Bossier Parish Fire District No. 1's financial performance provides an overview of the East Central Bossier Parish Fire District No. 1's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The East Central Bossier Parish Fire District No. 1's net position increased by \$123,966 or 3%.

The East Central Bossier Parish Fire District No. 1's total general revenues were \$1,599,731 in 2017 compared to \$1,671,308 in 2016.

During the year ended December 31, 2017, the East Central Bossier Parish Fire District No. 1 had total expenses, excluding depreciation, of \$1,281,202, compared to \$1,379,240 in 2016.

The East Central Bossier Parish Fire District No. 1's net pension liability decreased \$113,236 from \$1,278,125, in 2016 to \$1,164,889, in 2017.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the East Central Bossier Parish Fire District No. 1 as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the East Central Bossier Parish Fire District No. 1's operations in more detail than the government-wide statements by providing information about the East Central Bossier Parish Fire District No. 1's most significant funds.

The East Central Bossier Parish Fire District No. 1 was determined to be a component unit of the Bossier Parish Police Jury. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the East Central Bossier Parish Fire District No. 1.

Reporting the East Central Bossier Parish Fire District No. 1 as a Whole

Our analysis of the East Central Bossier Parish Fire District No. 1 as a whole begins on page 9. One of the most important questions asked about the East Central Bossier Parish Fire District No. 1's finances is "Is the East Central Bossier Parish Fire District No. 1 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual *basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the East Central Bossier Parish Fire District No. 1's *net position* and changes in it. You can think of the East Central Bossier Parish Fire District No. 1's net position – the difference between assets and liabilities – as one way to measure the East Central Bossier Parish Fire District No. 1's financial health, or *financial position*. Over time, *increases* or *decreases* in the East Central Bossier Parish Fire District No. 1's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the East Central Bossier Parish Fire District No. 1 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the East Central Bossier Parish Fire District No. 1 are reported here which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the East Central Bossier Parish Fire District No. 1 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the East Central Bossier Parish Fire District No. 1 – not the East Central Bossier Parish Fire District No. 1 as a whole. The East Central Bossier Parish Fire District No. 1's *governmental funds* use the following accounting approaches:

Governmental funds – All of the East Central Bossier Parish Fire District No. 1's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed *short-term view* of the East Central Bossier Parish Fire District No. 1's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain East Central Bossier Parish Fire District No. 1 expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE EAST CENTRAL BOSSIER PARISH FIRE DISTRICT NO. 1 AS A WHOLE

The East Central Bossier Parish Fire District No. 1's total net position changed from a year ago, increasing from \$3,516,354, to \$3,640,320. Our analysis below will focus on key elements of the total governmental funds for both December 31, 2017 and 2016 years.

	Governmental Activities	
	2017	2016
Current and other assets	\$ 4,600,761	\$ 4,264,846
Capital assets	1,605,513	1,805,689
Total Assets	<u>6,206,274</u>	<u>6,070,535</u>
Deferred outflows of resources		
Pension Related	<u>259,481</u>	<u>391,815</u>
Current liabilities	55,354	60,348
Long-term liabilities	1,234,375	1,348,080
Total Liabilities	<u>1,289,729</u>	<u>1,408,428</u>
Deferred inflows of resources		
Pension related	96,818	88,784
Ad valorem taxes	<u>1,438,888</u>	<u>1,448,784</u>
Total Deferred Inflows of Resources	<u>1,535,706</u>	<u>1,537,568</u>
Net Position		
Investment in capital assets	1,605,513	1,805,689
Restricted	118,532	77,886
Unrestricted	<u>1,916,275</u>	<u>1,632,779</u>
Total Net Position	<u>\$ 3,640,320</u>	<u>\$ 3,516,354</u>

Net position of the East Central Bossier Parish Fire District No. 1's governmental activities increased by \$123,966 or 3%, as shown in table 1. Unrestricted net position, the part of net position that can be used to finance East Central Bossier Parish Fire District No. 1 expenses without constraints or other legal requirements, increased from \$1,632,779 at December 31, 2016 to \$1,916,275 at December 31, 2017.

Table 2
Change in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Operating grants and contributions	51,439	48,510
General Revenues		
Ad valorem taxes	1,430,120	1,458,095
Intergovernmental	133,484	126,860
Interest and dividend income	36,127	31,353
Gain on sale of asset		55,000
Total revenues	<u>1,651,170</u>	<u>1,719,818</u>
Expenses		
General government	45,699	45,868
Public safety - fire protection	1,481,505	1,548,127
	<u>1,527,204</u>	<u>1,593,995</u>
Increases (decrease) in net position	<u>\$ 123,966</u>	<u>\$ 125,823</u>

Total revenues decreased from total revenues in the year ended December 31, 2016 of \$1,719,818 to total revenues of \$1,651,170 in the year ended December 31, 2017.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$2,992,750, which is higher than last year's fund balance of \$2,638,998.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2017. There were no amendments to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 31. Highlights for the year are as follows:

- Revenues were higher than anticipated due to higher property taxes.
- Expenditures were lower than budgeted due to contingency funds not expended.

The District's General Fund balance of \$2,992,750 reported on page 11 differs from the General Fund's *budgetary* fund balance of \$2,860,099 reported in the budgetary comparison schedule on page 31. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2017 and 2016, the East Central Bossier Parish Fire District No. 1 had invested \$1,605,513 and 1,805,689, respectively, in capital assets. (see table below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	\$ 53,500	\$ 53,500
Buildings	455,616	481,254
Equipment	85,097	102,506
Vehicle	982,902	1,136,312
Building Improvements	28,398	32,117
Total	\$ 1,605,513	\$ 1,805,689

This year's major additions included:

Vehicles	\$	\$ 84,369
Construction in process		
Buildings		
Equipment	45,826	
Total	\$ 45,826	\$ 84,369

More detailed information about the capital assets are presented in Note 7 to the financial statements.

DEBT ADMINISTRATION

Long-term liabilities of East Central Fire District #1 are summarized as follows:

**Table 4
Long-term Liabilities at Year End**

	Governmental Activities 2017	Governmental Activities 2016
Net pension liability	\$ 1,164,889	\$ 1,278,125
Volunteer incentive program	69,486	69,955
	\$ 1,234,375	\$ 1,348,080

More detailed information about the long-term liabilities is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

The East Central Bossier Parish Fire District No. 1’s management considered many factors when setting a fiscal year December 31, 2018 budget. Property tax millage will remain at 19 mills. Amounts available for appropriation are expected to remain approximately the same. Expenditures for 2018 are expected to remain consistent with 2017.

CONTACTING THE FIRE DISTRICT NO. 1’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the East Central Bossier Parish Fire District No. 1 and to show the East Central Bossier Parish Fire District No. 1’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the East Central Bossier Parish Fire District No. 1.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Net Position
 December 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,860,086
Investments	69,486
Accounts receivable - ad valorem taxes	1,438,888
Accounts receivable - other	26,438
Prepaid expenses	87,331
Restricted cash and cash equivalents	118,532
Capital assets	
Depreciable (net)	1,552,013
Non-depreciable	53,500
Total assets	6,206,274
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	259,481
LIABILITIES	
Accounts payable and accrued expenses	55,354
Long-term liabilities:	
Due within one year	69,486
Due within more than one year	1,164,889
Total liabilities	1,289,729
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad Valorem taxes	1,438,888
Pension related	96,818
Total deferred inflows of resources	1,535,706
NET POSITION	
Investment in capital assets	1,605,513
Restricted-Camp Minden	118,532
Unrestricted	1,916,275
Total net position	\$ 3,640,320

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2017

GOVERNMENTAL ACTIVITIES

Expenses:

General government	\$ 45,699
Public Safety - fire protection	<u>1,481,505</u>
Total expenses	<u>1,527,204</u>

Program revenues:

Operating grants and contributions - pension related	<u>51,439</u>
Net program expenses	<u>(1,475,765)</u>

General revenues:

Ad valorem taxes	1,430,120
Intergovernmental	
Fire insurance rebate	83,484
State of Louisiana	50,000
Interest and dividends	<u>36,127</u>
Total general revenues	<u>1,599,731</u>
Change in net position	123,966
Net position - beginning	<u>3,516,354</u>
Net position - ending	<u><u>\$ 3,640,320</u></u>

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Balance Sheet
 Governmental Funds
 December 31, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 2,860,086
Investments	69,486
Accounts receivable - ad valorem taxes	1,438,888
Accounts receivable - other	26,438
Restricted cash and cash equivalents	118,532
Total assets	\$ 4,513,430
 Liabilities, Deferred Inflows of Resources, and Fund Balance	
 Liabilities	
Accounts payable and accrued expenses	\$ 55,354
Total liabilities	55,354
 Deferred inflows of resources	
Unavailable revenue	
Ad Valorem taxes	1,438,888
Other	26,438
Total deferred inflows of resources	1,465,326
 Fund balance	
Restricted-Camp Minden	118,532
Committed	
Volunteer incentive program	69,486
Capital improvements	1,004,354
Unassigned	1,800,378
Total fund balance	2,992,750
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 \$ 4,513,430

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Reconciliation of the Balance Sheet of the Governmental Funds
 to the Statement of Net Position
 December 31, 2017

Fund balances - total governmental funds	\$ 2,992,750
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,605,513
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources - prepaid insurance	87,331
Other long-term amounts are not available to pay for current-period expenditures and therefore are not available in the governmental funds. Deferred outflows - pension related	259,481
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.	
Other	26,438
VIP Program	(69,486)
Net pension liability	(1,164,889)
Deferred inflows - pension related	(96,818)
	(1,204,655)
Net position of governmental activities	\$ 3,640,320

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Funds
 For the Year Ended December 31, 2017

	General Fund
Revenues	
Ad valorem taxes	\$ 1,430,120
Intergovernmental	
Fire insurance rebate	83,484
State of Louisiana	50,000
Interest and dividends	39,838
Total revenues	1,603,442
Expenditures	
Current:	
General government	45,699
Public Safety	1,158,165
Capital outlay	45,826
Total expenditures	1,249,690
Excess of revenues over expenditures	353,752
Fund balance at beginning of year	2,638,998
Fund balance at end of year	\$ 2,992,750

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	353,752
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$246,002 exceeded capital outlays of \$45,826 in the current period.</p>		(200,176)
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.</p>		764
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		(3,711)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		469
<p>Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities</p>		
Non-employer contributions to cost-sharing pension plan		51,439
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Pension expense		(78,571)
Change in net position of governmental activities	\$	123,966

See accompanying notes to the basic financial statements.

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017

INTRODUCTION

The East Central Bossier Parish Fire District No. 1 (the district) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute (R.S.) 40:1492. The district is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury. The Board of Commissioners received no compensation during 2017. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The East Central Bossier Parish Fire District No. 1's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the East Central Bossier Parish Fire District No. 1 are discussed below.

A. Reporting Entity

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

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

B. Basic Financial Statements – Government-Wide Statements

The East Central Bossier Parish Fire District No. 1's basic financial statements include both government-wide (reporting the funds maintained by the East Central Bossier Parish Fire District No. 1 as a whole) and fund financial statements (reporting the East Central Bossier Parish Fire District No. 1's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The East Central Bossier Parish Fire District No. 1's general fund is classified as governmental activities. The East Central Bossier Parish Fire District No. 1 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The East Central Bossier Parish Fire District No. 1's net position is reported in three parts – investment in capital assets, restricted, and unrestricted net position.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the East Central Bossier Parish Fire District No. 1's functions. The functions are supported by program revenues and general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. Program revenues of the District consist of nonemployer contributions to cost-sharing pension plan. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the East Central Bossier Parish Fire District No. 1 as an entity and the change in the East Central Bossier Parish Fire District No. 1's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the East Central Bossier Parish Fire District No. 1 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the East Central Bossier Parish Fire District No. 1:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the East Central Bossier Parish Fire District No. 1:

- a. General fund is the general operating fund of the East Central Bossier Parish Fire District No. 1. It is used to account for all financial resources except those required to be accounted for in another fund.

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

The following major fund is presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

D. Basis of Accounting

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

1. Accrual:

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

Revenues of the East Central Bossier Parish Fire District No. 1 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The 2017 tax levy is intended to fund the 2018 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

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

E. Budgets

The district uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the Board of Commissioners prior to December 16 of each year and is made available for public inspection.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.
4. The budget is established and controlled by the Board of Commissioners at the object level of expenditure. All changes in the budget must be approved by the board.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

5. The budget is adopted on a cash basis for all funds. There were no amendments to the 2017 budget.

F. Cash, Cash Equivalents, and Investments

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

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

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Federal Government has a reversionary interest in property purchased with federal funds. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

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

Buildings	12 – 40 years
Vehicles	2 – 22 years
Equipment	4 – 18 years

H. Compensated Absences

Full-time employees of the district earn five days of vacation leave each year. Vacation and sick leave do not accumulate.

At December 31, 2017, there were no employee leave benefits requiring recognition. The cost of leave privileges is recognized as current-year expenditure when leave is actually taken.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

I. Use of Estimates

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

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

K. Deferred Inflows of Resources

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

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

L. Net Position

Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the district's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the district's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

M. Fund Balance

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

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

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

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

(2) Levied Taxes

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	19.00	19.00	2018

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

(3) Cash and Cash Equivalents

The District had cash and cash equivalents at December 31, 2017 (book balances) totaling \$2,978,618 in interest bearing demand deposits and a brokerage account. Included in this amount is \$118,532, which is restricted for Camp Minden activities. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. As of December 31, 2017, \$900,602 of the government's bank balance of \$1,470,088 was exposed to custodial credit risk as uninsured deposits protected and collateralized with pledged securities held by the custodial bank's trust department not in the District's name.

At December 31, 2017, the District had \$1,630,651 in a brokerage account which consists of money market funds which are backed by U.S. government securities or repurchase agreements backed by U.S. government securities.

(4) Investments

Investments at December 31, 2017, consist of certificates of deposit with initial maturities greater than 90 days. The certificates are insured entirely by federal deposit insurance.

(5) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Volunteer incentive program	\$ 69,955	\$ 7,858	\$(8,327)	\$ 69,486	\$ 69,486
Net pension liability	<u>1,278,125</u>	<u> </u>	<u>(113,236)</u>	<u>1,164,889</u>	<u> </u>
Total long-term liabilities, governmental activities	<u>\$ 1,348,080</u>	<u>\$ 7,858</u>	<u>\$(121,563)</u>	<u>\$ 1,234,375</u>	<u>\$ 69,486</u>

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2017, consisted of the following:

Salaries and benefits	\$	9,655
Accounts		<u>45,699</u>
		<u>\$ 55,354</u>

(7) Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Balance at Jan. 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at Dec. 31, 2017</u>
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 53,500	\$	\$	\$ 53,500
Total capital assets, not being depreciated	<u>53,500</u>	<u></u>	<u></u>	<u>53,500</u>
Capital assets, being depreciated:				
Buildings	774,990			774,990
Equipment	373,667	45,826	(16,900)	402,593
Vehicles	2,453,933		(28,448)	2,425,485
Building Improvements	<u>61,801</u>	<u></u>	<u></u>	<u>61,801</u>
Total capital assets, being depreciated at historical cost	<u>3,664,391</u>	<u>45,826</u>	<u>(45,348)</u>	<u>3,664,869</u>
Less accumulated depreciation:				
Buildings	(293,736)	(25,638)		(319,374)
Equipment	(271,161)	(63,235)	16,900	(317,496)
Vehicles	(1,317,621)	(153,410)	28,448	(1,442,583)
Building Improvements	<u>(29,684)</u>	<u>(3,719)</u>	<u></u>	<u>(33,403)</u>
Total accumulated depreciation	<u>(1,912,202)</u>	<u>(246,002)</u>	<u>45,348</u>	<u>(2,112,856)</u>
Total capital assets, being depreciated, net	<u>1,752,189</u>	<u>(200,176)</u>	<u></u>	<u>1,552,013</u>
Governmental activities capital assets, net	<u>\$ 1,805,689</u>	<u>\$ (200,176)</u>	<u>\$</u>	<u>\$ 1,605,513</u>

Depreciation expense for the year ended December 31, 2017, was \$246,002.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(8) Pension Plan

The District participates in the State of Louisiana Firefighters' Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

PLAN DESCRIPTION

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

Eligibility Requirements

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters 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.

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 or 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.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

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

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

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease.

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

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

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.

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

Cost of Living Adjustments (COLAs)

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

CONTRIBUTIONS

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

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2017, 2016, and 2015 were \$125,067, \$123,646, and \$119,836, 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, 2017 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended June 30, 2017 were \$51,439.

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

At December 31, 2017, the District reported a liability of \$1,164,889 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2017 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2017. At June 30, 2017, the District's proportion was .2032310%, which was an increase of .0078260% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$203,037, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$600.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 64,962
Changes of assumptions	48,722	278
Net difference between projected and actual earnings on pension plan investments	100,214	
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,709	31,578
Employer contributions subsequent to the measurement date	<u>64,836</u>	
Total	<u>\$ 259,481</u>	<u>\$ 96,818</u>

The District reported a total of \$64,836 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended December 31, 2018.

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

<u>Year</u>	<u>Amount</u>
2018	\$ 42,526
2019	62,593
2020	18,130
2021	(35,852)
2022	767
2023	<u>9,663</u>
Total	<u>\$ 97,827</u>

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years
Investment Rate of Return	7.4% per annum (net of investment expenses, including inflation) (decreased from 7.5% in 2016)
Inflation Rate	2.775% per annum (decreased from 2.875% in 2016)
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

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

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to

(Continued)

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income	23%	2.04%
Equity	57%	6.81%
Alternatives	10%	6.67%
Other	10%	4.59%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.4% or one percentage point higher 8.4% than the current rate as of June 30, 2017.

	<u>Changes in Discount Rate</u>		
	1% Decrease	Current Discount Rate	1% Increase
	<u>6.4%</u>	<u>7.40%</u>	<u>8.40%</u>
Net Pension Liability	\$ 1,673,901	\$ 1,164,889	\$ 736,992

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

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

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

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

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of

(Continued)

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.la.gov.

(9) Risk Management

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

(10) Leases

For the year ended December 31, 2017, the district had an operating lease on equipment that is utilized by the district. Lease payments on the lease for the year ended December 31, 2017 were \$2,100. There are no leases having initial or remaining noncancelable lease terms in excess of one year.

(11) Subsequent Events

Subsequent events have been evaluated through May 16, 2018, the date the financial statements were available to be issued.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget (Cash Basis) and Actual
 General Fund
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance- Favorable</u> <u>(Unfavorable)</u>
Revenues			
Ad valorem taxes	\$ 1,362,515	\$ 1,430,120	\$ 67,605
Intergovernmental-fire insurance rebate	77,000	83,484	6,484
Miscellaneous	200		(200)
Interest income	700	9,231	8,531
	<u>1,440,415</u>	<u>1,522,835</u>	<u>82,420</u>
Expenditures			
Current:			
General government	61,465	45,868	15,597
Public Safety	2,397,025	1,092,328	1,304,697
Capital outlay	95,000	45,826	49,174
	<u>2,553,490</u>	<u>1,184,022</u>	<u>1,369,468</u>
Net change in fund balance	(1,113,075)	338,813	1,451,888
Fund balances at beginning of year	<u>1,355,979</u>	<u>2,521,286</u>	<u>1,165,307</u>
Fund balances at end of year	<u>\$ 242,904</u>	<u>\$ 2,860,099</u>	<u>\$ 2,617,195</u>

The accompanying notes are an integral part of this statement.

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Notes to Required Supplementary Information
 December 31, 2017

The District's budget is adopted on a cash basis for all funds. There were no amendments to the 2017 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 338,813
Adjustments:	
Revenue accruals – net	80,609
Expenditure accruals – net	<u>(65,670)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 353,752</u>

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2017

State of Louisiana Firefighters' Retirement System

	2017	2016	2015
Contractually required contribution	\$ 125,067	\$ 123,646	\$ 119,836
Contributions in relation to the contractually required contribution	\$ 125,067	\$ 123,646	\$ 119,836
Contribution deficiency (excess)	-	-	-
Covered-employee payroll	\$ 483,206	\$ 471,067	\$ 424,366
Contributions as a percentage of covered-employee payroll	25.88%	26.25%	28.24%

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

East Central Bossier Parish Fire District No. 1
 Haughton, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2017

State of Louisiana Firefighters' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.203231%	0.195410%	0.204166%
Proportionate share of the net pension liability	\$ 1,164,889	\$ 1,278,125	\$ 1,101,907
Covered-employee payroll	474,517	438,407	433,892
Proportionate share of the net pension liability as a percentage of covered employee payroll	245.49%	291.54%	253.96%
Plan fiduciary net position as a percentage of the total pension liability	73.55%	68.16%	72.45%

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

East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head: Robert Roe, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 75,080
State supplemental pay	6,000
Benefits-insurance	9,717
Benefits-retirement	20,978
Reimbursements	830
Registration fees	275
Conference travel	574
Continuing professional education fees	520

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

Independent Auditors' Report

Board of Commissioners
East Central Bossier Parish Fire District No. 1

We have audited, 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, the financial statements of the governmental activities and major fund of the East Central Bossier Parish Fire District No. 1 as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the East Central Bossier Parish Fire District No. 1's basic financial statements, and have issued our report thereon dated May 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Central Bossier Parish Fire District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Central Bossier Parish Fire District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Central Bossier Parish Fire District No. 1's internal control.

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

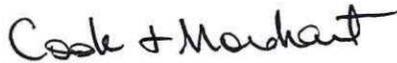
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Central Bossier Parish Fire District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
May 16, 2018

Haughton, Louisiana
Summary Schedule of Audit Findings
December 31, 2017

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended December 31, 2016.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2017.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
East Central Bossier Parish Fire District No. 1
Haughton, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the East Central Bossier Parish Fire District No. 1 and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The East Central Bossier Parish Fire District No. 1's (District) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

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

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

The Board of Commissioners of the District met on a monthly basis.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes of the board of commissioners referenced and included budget to actual comparisons on the general fund.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes of the Board of Commissioners of the District did reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

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

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each month examined.

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

Exception: For the bank reconciliations selected for testing, there were no attributes indicating a member of management reviewed the bank reconciliation.

Management's Response: In the future, management will document their review of monthly bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Exception: There were twenty-four (24) outstanding checks totaling \$5,274.01, on the bank reconciliations selected for testing that were more than 6 months old. There was no indication that management had researched these outstanding items.

Management's Response: Management will research and follow up on old outstanding items.

Collections

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

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

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Each person responsible for collecting cash was insured under the District's blanket crime insurance policy. Each person responsible for collecting cash was not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account, except as noted below. Cash drawers/registers are not utilized.

Exception: The individual responsible for collecting cash is also responsible for making deposits and for recording the transactions in the general ledger.

Management's Response: Due to few administrative staff, the same individual performs the duties of collecting funds, making deposits, and recording transactions in the general ledger. Funds received are via check. No cash is received. A separate individual reconciles the bank accounts. The District will explore the possibility of other administrative staff being utilized in performing some of these functions.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Exception: The District has a formal process to reconcile cash collections to the general ledger, however the individual responsible for collecting cash is also responsible for recording the transactions in the general ledger.

Management's Response: Due to few administrative staff, the same individual performs the duties of collecting funds and recording transactions in the general ledger. Funds received are via check. No cash is received. A separate individual reconciles the bank accounts.

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

➤ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

For the week selected, deposits were processed within one day of collection.

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

For the week selected, daily cash collections were completely supported by collection documentation.

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

Exception: The District has a process specifically defined to determine completeness of collections; however the individual responsible for determining completeness is also responsible for collections.

Management's Response: Due to few administrative staff, the same individual performs the duties of collecting funds and determining completeness of collections. Funds received are via check. No cash is received. A separate individual reconciles the bank accounts. The District will explore the possibility of other administrative staff being utilized in performing some of these functions.

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

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

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-

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

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice, except as noted below:

Exception: Six (6) of the twenty-five (25) disbursements selected for testing required a purchase order. All six (6) purchase orders were initiated and approved by the same person.

Management's Response: The District will consider controls whereby the same individual does not initiate and approve purchases. All purchases are approved by management and a member of the Board of Commissioners prior to payment being made.

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

The District's policy is that new vendors can only be added to the purchasing/disbursement system after approval by the Fire Chief.

Exception: The fire Chief is authorized to add new vendors to the vendor list and is also responsible for processing payments.

Management's Response: All purchases are approved by management and a member of the Board of Commissioners prior to payment being made.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

Persons with signatory authority do not have system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Persons with signatory authority do not use a signature stamp or signature machine.

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

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

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

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

None of the statements selected for testing contained finance charges and or late fees.

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

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

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

Transactions tested were supported by original itemized receipts.

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

Transactions tested contained documentation of business purpose except as noted below:

Exception: One receipt totaling \$998 did not contain a business purpose documented on the receipt.

Management's Response: It is the District's policy that business purpose be documented on all receipts. In addition, all purchases are approved by management prior to payment being made.

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

No other documentation is required by the District's written credit card policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared each transaction tested to the agency's written policies and public bid law. There were no exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The District's documentation met the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

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

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The District does not have a policy for per diem and mileage rates. The District's policy is to pay all actual travel expenses.

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The reimbursements selected were supported with documentation in accordance with District's written policies.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Expenses selected for testing contained receipts listing precisely what was purchased.

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

The business purpose was documented on each invoice selected for testing, except as noted below.

Exception: The business purpose was not documented on 18 receipts totaling \$300.

Management's Response: It is the District's policy that business purpose be documented on all receipts. In addition, all purchases are approved by management prior to payment being made.

Exception: Thirteen (13) receipts totaling \$192.26 were for meals and did not contain a listing of individuals attending the meal.

Management's Response: The District will document the names of all individuals attending a meal on the receipts. All purchases are approved by management prior to payment being made.

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

Exception: One check selected for testing did not have an approved reimbursement request form attached.

Management's Response: It is the District's policy for approved reimbursement request forms to be attached to travel payments. All purchases are approved by management prior to payment being made.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The District's documentation met the requirements of Article 7, Section 14.

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

For the disbursements tested, the expense and related documentation was reviewed and approved by someone other than the person who received the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

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

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

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

There were formal, written contracts supporting the services arrangement and the amounts paid for the contracts selected for testing.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

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

Not applicable.

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

Exception: Quotes were not obtained for two of three contracts selected for testing.

Management's Response: One of the two contracts noted above was for emergency roof repairs. The other was for a copier maintenance agreement. The District will solicit quotes when deemed feasible.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected for testing were amended during the testing period.

- d) Select the largest payment from each of the contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The largest payment selected for testing from each of the vendor contracts was supported by invoices that agreed with the terms of the contract.

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

All of the contracts selected for testing required Board of Commissioners approval and that approval was documented.

Payroll and Personnel

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

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

Randomly select five employees/officials, obtain their personnel files, and:

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

Payment was made in accordance with the terms of the approved pay rates.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes made to hourly pay rates/salaries during the fiscal period were approved in writing and in accordance with the District's written policy.

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

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

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

Exception: Six of the twenty-five employees selected for testing did not have their daily attendance and leave documented.

Management's Response: Full time employees are assigned to a particular shift (A, B, or C). Each shift works 120 24-hour periods each calendar year. Full time employees are paid a standard amounts based upon shifts worked. Management is considering a sign in / sign out procedure. All part time employees complete a pay sheet showing total hours worked, which is approved by a member of management prior to payment being made.

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

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees, except as noted below:

Exception: Six of the twenty-five employees selected for testing did not have their daily attendance and leave documented. One of the six was a salaried employee.

Management's Response: Full time employees are assigned to a particular shift (A, B, or C). Each shift works 120 24-hour periods each calendar year. Full time employees are paid a standard amounts based upon shifts worked. Management is considering a sign in / sign out procedure. All part time employees complete a pay sheet showing total hours worked, which is approved by a member of management prior to payment being made.

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

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

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

There were no termination payments made during the fiscal year.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The District maintained documentation to demonstrate that required ethics training was completed.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no alleged ethics violations reported to management.

Debt Service (excluding nonprofits)

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

The District did not issue any new debt during the current fiscal year.

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

The District did not have any outstanding debt during the fiscal period.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District does not have any tax millages relating to outstanding debt.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriation of public funds or assets.

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

The District has posted on its premises and website the notice required by R.S. 24:523.1.

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

We have not observed or identified any exceptions regarding management's representations in the above procedures.

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

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



Cook & Morehart
Certified Public Accountants
May 16, 2018