

**WASHINGTON PARISH FIRE PROTECTION DISTRICT No. 7
BOGALUSA, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
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As of and For the Year Ended December 31, 2017

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Independent Auditor's Report

To the Members of the Board of Commissioners of
Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Washington Parish Fire Protection District No. 7, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 general fund of Washington Parish Fire Protection District No. 7, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 27, 28, and 29 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.

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

Other Information

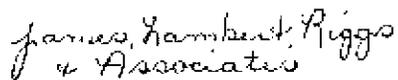
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Washington Parish Fire Protection District No. 7
June 13, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2018, on our consideration of the Washington Parish Fire Protection District No. 7's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washington Parish Fire Protection District No. 7's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 13, 2018

Basic Financial Statements

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Statement of Net Position
December 31, 2017

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 297,979
Taxes Receivable, Net of Uncollectible Accounts	425,066
State Revenue Sharing Receivable	42,646
Land	23,000
Capital Assets, Net of Accumulated Depreciation	<u>955,937</u>
Total Assets	<u>\$ 1,744,628</u>
Deferred Outflows of Resources	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 62,240
Changes in Assumptions	30,260
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	120,507
Contributions Subsequent to the Measurement Date	<u>39,244</u>
Total Deferred Outflows of Resources	<u>\$ 252,251</u>
Liabilities	
Accounts Payable	\$ 6,939
Payroll Liabilities	12,465
Pension Fund Deduction Payable	-
Compensated Absences Payable	24,038
Long Term Debt - Current	-
Net Pension Liability	<u>723,474</u>
Total Liabilities	<u>\$ 766,916</u>
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	\$ 40,346
Changes in Assumptions	173
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	<u>70,149</u>
Total Deferred Inflows of Resources	<u>\$ 110,668</u>
Net Position	
Net Investment in Capital Assets	\$ 978,937
Unrestricted	<u>140,358</u>
Total Net Position	<u>\$ 1,119,295</u>

The accompanying notes are an integral part of these financial statements.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Statement of Activities
For the Year Ended December 31, 2017

Exhibit B

	<u>Governmental Activities</u>
Expenses:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	\$ 519,557
Depreciation	105,336
Insurance	104,478
Pension Fund Mandate	20,012
Repairs & Maintenance	27,650
Fuel & Oil	17,913
Professional Fees	27,750
Supplies	4,140
Gear & Uniforms	5,467
Utilities	25,843
Telephone	8,195
Interest	1,764
Miscellaneous	3,053
Office Supplies & Postage	4,981
Training	3,370
Dues & Subscriptions	<u>797</u>
Total Program Expenses	880,306
General Revenues:	
Ad Valorem Taxes	607,169
State Revenue Sharing	42,646
Fire Insurance Rebate	26,795
On Behalf Payments - State Supplemental Pay	34,700
FEMA Grant	38,096
Interest	1,331
Other Revenues	16,982
Contributions from Non-Employer Contributing Entities	<u>31,946</u>
Total General Revenues	<u>799,665</u>
Change in Net Position	(80,641)
Net Position - Beginning of Year	<u>1,199,936</u>
Net Position - End of Year	<u><u>\$ 1,119,295</u></u>

The accompanying notes are an integral part of these financial statements.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Governmental Fund Balance Sheet
December 31, 2017

Exhibit C

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 297,979
Taxes Receivable, Net	425,066
State Revenue Sharing Receivable	<u>42,646</u>
Total Assets	<u>\$ 765,691</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 6,939
Payroll Liabilities	12,465
Pension Fund Deduction Payable	<u>-</u>
Total Liabilities	<u>19,404</u>
Fund Balance:	
Unassigned	<u>\$ 746,287</u>
Total Fund Balance	<u>746,287</u>
Total Liabilities and Fund Balance	<u>\$ 765,691</u>

The accompanying notes are an integral part of these financial statements.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
December 31, 2017

Exhibit D

Total Governmental Fund Balance (Exhibit C)	\$	746,287
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		978,937
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Long-term liabilities, lease payable, are not due and payable in the current period and therefore are not reported in the funds:

Due Within One Year		-
Compensated Absences Payable		(24,038)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds.

Net Pension Liability		(723,474)
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Deferred Outflows of Resources:

Net Difference Between Projected and Actual Earnings on Pension		
Plan Investments		62,240
Changes in Assumptions		30,260
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions		120,507
Contributions Subsequent to the Measurement Date		39,244

Deferred Inflows of Resources:

Differences Between Expected and Actual Experience		(40,346)
Changes in Assumptions		(173)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions		(70,149)

Net Position of Governmental Activities (Exhibit A)	\$	<u>1,119,295</u>
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The accompanying notes are an integral part of these financial statements.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and
Change in Fund Balance
For the Year Ended December 31, 2017

Exhibit E

	<u>General Fund</u>
Revenues:	
Ad Valorem Taxes	\$ 607,169
State Revenue Sharing	42,646
Fire Insurance Rebate	26,795
On Behalf Payments - State Supplemental Pay	34,700
FEMA Grant	38,096
Interest	1,331
Other Revenues	<u>16,982</u>
Total Revenues	<u>767,719</u>
Expenditures:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	462,352
Insurance	104,478
Pension Fund Mandate	20,012
Repairs & Maintenance	27,650
Fuel & Oil	17,913
Professional Fees	27,750
Supplies	4,140
Gear & Uniforms	5,467
Utilities	25,843
Telephone	8,195
Office Supplies & Postage	4,981
Training	3,370
Dues & Subscriptions	797
Miscellaneous	3,053
Debt Service:	
Principal	36,137
Interest	1,764
Capital Outlay	<u>39,500</u>
Total Expenditures	<u>793,402</u>
Net Change in Fund Balance	(25,683)
Fund Balance - Beginning of the Year	<u>771,970</u>
Fund Balance - End of the Year	<u><u>\$ 746,287</u></u>

The accompanying notes are an integral part of these financial statements.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana

Exhibit F

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and
Change in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balance, Governmental Fund (Exhibit E)	\$	(25,683)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay		39,500
Depreciation Expense		(105,336)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		36,136
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In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to charges in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities:

Net Change in Pension Expense		(57,205)
Contributions from Non-Employer Contributing Entities		31,947

Compensated absences payable is recorded as an expense on the statement of activities.

Increase (Decrease) in Compensated Absences Payable		-
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Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in governmental funds

Change in Deferred Inflows of Resources		-
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Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>(80,641)</u>
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The accompanying notes are an integral part of these financial statements.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 2017

Narrative Profile

The 1991 Louisiana Legislature, pursuant to Louisiana Revised Statute 40:1496.12 F, created the Washington Parish Fire Protection District No. 7. The District shall constitute a public corporation and as such shall have all the powers of public corporations, including perpetual existence and the right and power to incur debt and contract obligations, to sue and be sued, and to have a corporate seal. The District shall also be authorized to do and perform all acts in its corporate capacity and in its name, necessary and proper, for the purposes of acquiring, maintaining and operating buildings, machinery, equipment, water tank, water hydrants, water lines, and such other things as might be necessary or proper for effective fire prevention and control as considered necessary by the governing body of the District for the protection of the property within the limits of the District against fire.

The governing body of the parish shall appoint an eight member board that shall perform all duties, functions, and powers responsible for the operation and maintenance of the District. All funds of the District shall be administered by the board. Members of the Board of Commissioners may be paid a per diem of fifty dollars for attending meetings of the board, and may be reimbursed for any expenses incurred in performing the duties imposed upon them.

The District covers 155 square miles in the southeastern corner of Washington Parish, outside the city limits of Bogalusa, Louisiana. It serves approximately 7,000 people and businesses located within the boundaries of the District. The District operates out of six fire stations which are located as follows: Station number 1 is located in the Isabel community; station number 2, the Central Station, is located in the Ben's Ford community; station number 3 is located in Rio; station 4, located on Highway 10 just west of Bogalusa; station 5, located on Highway 439 at Lee Road; and station 6 is located on Highway 21. At December 31, 2017, the District employed a full-time fire chief, 4 full-time fire fighters, 5 part-time firefighters and a part-time clerk, but mainly operates with a volunteer staff of firefighters.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Section 2100 of the GASB Codification, Defining the Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of the Washington Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

B. Fund Accounting

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

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

Governmental Funds

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

General Fund - the primary operating fund of the District, which accounts for all the operations of the District, except those required to be accounted for in other funds.

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

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

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Taxes, state revenue sharing, grants, interest revenue, and other revenues are recorded when due.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation – Explanation of differences between the governmental funds balance sheet and the government-wide statement of net position is presented in Exhibit D of the basic financial statements. Explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

D. Budgets and Budgetary Accounting

The District adopted an operating budget for its General Fund for the fiscal year ended December 31, 2017. The budget for this fund is adopted on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Fire Chief prepares a proposed budget and submits it to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. Once a public hearing is held and all of the action necessary to finalize and implement the budget is completed, the budget is adopted through the passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted.

The adopted budget constitutes the authority of the Fire Chief to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

E. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments for the District are reported at cost. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The LAMP annual report can be found at the official LAMP website.

F. Receivables and Payables

All trade and tax receivables are shown net of an allowance for uncollectible tax.

Property Taxes

For the year 2017, taxes of 23.570 mills were levied on property within the District's boundaries. Total taxes levied were \$594,650. At December 31, 2017, the ad valorem tax receivable was \$425,066. Ad valorem taxes receivable at December 31, 2017, are recorded net of a 2.0% allowance for uncollectible taxes (\$11,893).

State Revenue Sharing

For the year 2017, the District received \$42,646 in Louisiana State Revenue Sharing. At December 31, 2017, state revenue sharing receivable totaled \$42,646. The District considers this receivable fully collectible and, therefore, has not recorded an allowance for uncollectible state revenue sharing.

G. Inventories

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

H. Prepaid Items

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

I. Capital Assets

Capital assets are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation. At December 31, 2017, the District did not have a formal capitalization policy establishing a capitalization / expense threshold.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

J. Compensated Absences

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

1. Vacation Leave – After completing one full year of service (and thereafter upon completion of subsequent years of service) paid firefighters will earn eighteen days of paid vacation per year. Upon completing ten years of service this annual benefit will increase by one day for each year of service over ten years, up to a maximum vacation period of thirty days. The District will pay for all earned but unused vacation at the time of termination.
2. Sick Leave – Permanent paid firefighters are entitled to fifty-two weeks of paid sick leave. All accumulated sick leave lapses upon termination.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. At December 31, 2017, no compensated absences payable were reported in the fund financial statements.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

M. Fund Balance

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

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for the specific purposes due to enabling legislation, State or Federal laws, or externally imposed by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority).
4. Assigned Fund Balance – amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned Fund Balance – all amounts not included in other spendable categories.

When fund balance resources are available for a specific purpose in multiple classifications, the District will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the District's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

The District reported only unassigned fund balances as of December 31, 2017.

N. Adoption of New Accounting Principle

For the year ended December 31, 2017, the following statement was implemented:

1. GASB Statement No. 77, Tax Abatement Disclosures, improves financial reporting by providing financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. Because of implementation of this statement, additional disclosures related to tax abatements are included in Note 8.

M. Estimates

The preparation of financial statements, in conformity with U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at year-end. See Note 1-D regarding operating budgets. The District complied with the Louisiana Local Government Budget Act in adopting and amending its budget for the year ended December 31, 2017. A reconciliation between the budgetary basis of accounting (Non-GAAP) of revenues over expenditures on Schedule 1 and the GAAP basis revenues over expenditures reported on Exhibit E is as follows:

Excess of Revenues over Expenditures GAAP Basis (Exhibit E)	\$ (25,683)
Add:	
Prior Receivables	612,357
Current Year Payables	19,404
Deduct:	
Current Year Receivables	(467,712)
Prior Year Payables	<u>(38,961)</u>
Excess of Revenues over Expenditures Non-GAAP Basis (Schedule 1)	<u>\$ 99,405</u>

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the District complied with the deposits and investments laws and regulations.

C. Deficit Fund Equity

As of December 31, 2017, the District's general fund did not have a deficit fund equity.

3. Cash, Cash Equivalents, and Investments

As reflected on Exhibit A, the District has cash and cash equivalents totaling \$297,979 at December 31, 2017. 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 bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

The following is a summary of cash and investments at December 31, 2017, with the related federal deposit insurance and pledge securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 250,000
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	49,577
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 299,577</u>

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2017, the District was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

4. Receivables

Receivables represent revenues earned in 2017 and received in 2018 as follows:

Property Tax Receivable	\$ 425,066
State Revenue Sharing Receivable	<u>42,646</u>
Receivables at December 31, 2017, Net	<u>\$ 467,712</u>

Ad valorem tax revenue and receivable has been recorded net of an allowance for uncollectible amounts. The allowance for uncollected taxes for 2017 is set at two percent of total assessed taxes and is based on historical averages. The allowance for uncollected ad valorem tax is adjusted periodically based on prior year collection experience.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

5. Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 23,000	\$ -	\$ -	\$ 23,000
Total Capital Assets Not Being Depreciated	23,000	-	-	23,000
Other Capital Assets:				
Fire Houses	636,871	-	-	636,871
Fire Trucks	1,842,542	-	-	1,842,542
Fire Equipment	243,397	39,500	16,744	266,153
Office Equipment	12,329	-	-	12,329
Other Equipment	31,351	-	-	31,351
Total Other Capital Assets	2,766,490	39,500	16,744	2,789,246
Less Accumulated Depreciation:	<u>(1,744,717)</u>	<u>(105,336)</u>	<u>(16,744)</u>	<u>(1,833,309)</u>
Total Other Capital Assets, Net	<u>1,021,773</u>	<u>(65,836)</u>	<u>-</u>	<u>955,937</u>
Total	<u>\$ 1,044,773</u>	<u>\$ (65,836)</u>	<u>\$ -</u>	<u>\$ 978,937</u>

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	10 - 40 Years
Furniture & Fixtures	5 - 10 Years
Vehicles	5 - 15 Years
Equipment	5 - 10 Years

6. Accounts Payable

Accounts payables at December 31, 2017, are as follows:

Vendor and Other Payables	\$ 19,404
Pension Fund Deduction Payable	<u>-</u>
Total	<u>\$ 19,404</u>

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

7. Pension Plan – Firefighters’ Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Employees of the District are eligible for participation in the Firefighters’ Retirement System of Louisiana (the “Fire System”) – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 434 of the 1979 Regular Session of the Louisiana Legislature. The Fire System issues a publicly available financial report that can be obtained at www.lafirefightersret.com/finance.html. The report may also be obtained by writing to the Firefighters’ Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809, or by calling (225) 925-4060.

Benefits Provided – Any person who becomes an employee as defined in LRS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

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 shall receive, at his option, a lump-sum payment from the account of an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

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

Contributions – Per Act 434 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year. Employees are required to contribute 10% of their annual pay. The District’s contractually required contribution rate for the year ended December 31, 2017, was 25.25% for the period January 2017 through June 2017 and 26.50% for the period July 2017 through December 2017. Contributions to the Fire System from the District were \$78,487 for the year ended December 31, 2017.

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

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 \$723,474 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's December 31, 2017, contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.126220%, which was an increase of 0.01052% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$57,025. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 40,346
Changes of Assumptions	30,260	173
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	62,240	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	120,507	70,149
District Contributions Subsequent to the Measurement Date	39,244	-
	<u>\$ 252,251</u>	<u>\$ 110,668</u>

The \$39,244 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	
December 31, 2018	34,055
December 31, 2019	46,518
December 31, 2020	18,901
December 31, 2021	(6,036)
December 31, 2022	14,982
Thereafter	(6,081)

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

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

Investment Rate of Return	7.40% per annum (net of fees)
Estimated Remaining Service Life	7 Years
Inflation	2.775% per annum
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

Mortality rates were based on the RP-2000 Employee Table for active members, the RP-2000 Healthy Annuitant Table for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

Asset Class	Long-Term Target Asset Allocation	Rates of Return	
		Real	Nominal
Fixed Income	23.00%	2.04%	
Equity:			
U.S. Equity	27.00%	6.15%	
Non-U.S. Equity	20.00%	7.45%	
Global Equity	10.00%	6.85%	
Alternatives:			
Real Estate	6.00%	4.62%	
Private Equity	4.00%	8.73%	
Multi-Asset Strategies:			
Global Tactical Asset Allocation	5.00%	4.40%	
Risk Parity	5.00%	4.79%	
System Total			5.54%
Inflation			2.75%
Expected Arithmetic Nominal Return			<u>8.29%</u>

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2017

Discount Rate – The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC taking into consideration the recommendation of the Fire System’s actuary. Based on those assumptions, the Fire 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 of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

– The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.40%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40%) or one percentage-point higher (8.40%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
District's Proportionate Share of the Net Pension Liability	\$ 1,039,604	\$ 723,474	\$ 457,721

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire System financial report.

Payables to the Pension Plan – As of December 31, 2017, the District had payables totaling \$9,569 due to the System, which represents the employee and employer’s share of the December 2017 contributions.

8. Tax Abatement

The Washington Parish Assessor’s office has notified the District that for the year ended December 31, 2017, there we no tax abatements for any taxpayers located within the boundaries of the District.

9. Compensated Absences

At December 31, 2017, employees of the District have accumulated and vested \$24,038 of employee vacation benefits, which were computed in accordance with GASB Codification Section C60. This amount is recorded as a liability in the government-wide statement of net assets.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

10. Long-Term Liabilities

The following is a summary of the long-term obligation transactions during the year:

Type of Debt	Balance at 01/01/17	Debt Issued	Debt Retired	Balance at 12/31/17	Due Within One Year
Capital lease - 2005	\$ 36,137	\$ -	\$ 36,137	\$ -	\$ -

General long-term liabilities are comprised of the following issues:

On October 11, 2005, the District entered into a capital lease with Leasing 2, Inc. for the purchase of a Ferrara Rescue Pumper and an Osco Tanker for \$259,108 and \$80,745, respectively. The agreement requires twelve annual payments, due September 1 each year, in the amount of \$37,900.43. The interest rate is fixed for the twelve year period at 4.880%. The District shall have title to the property during the term of the agreement, except upon an event of default, in which all title, right and/or interest immediately return to the lessor. The agreement contains a "non-appropriation" clause, allowing the District to terminate the lease at the end of any fiscal year for which appropriations for funds for lease payments for the succeeding year cannot be obtained. This lease was paid in full during 2017.

11. On-Behalf Payments

Supplementary salary payments are made by the State of Louisiana directly to certain District employees. The District is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is actual contributions made by the State. For the fiscal year ended December 31, 2017, the State paid supplemental salaries to the District's employees in the amount of \$34,700.

12. Compensation Paid to Board Members

The following schedule of per diem payments to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The following is a breakdown of per diem paid to Board members:

Sidney A. Warner, Jr., President	\$ -
Clinton Miley, Vice President	-
Donna Phillips, Secretary/ Treasurer	-
Malcolm "Mac" Little, Board Member	-
David Lemar Stewart, Board Member	-
Ronnie Manning, Board Member	-
Ruth K. Corkern, Board Member	-
Angelo Saladino, Sr., Board Member	-
Total	<u>\$ -</u>

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2017

13. Contingent Liabilities

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage. Therefore, no accrual for any loss contingency has been made in the financial statements.

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued June 13, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplemental Information

Washington Parish Fire Protection District No. 7

Schedule 1

Bogalusa, Louisiana

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Non-GAAP Basis) and Actual
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Ad Valorem Taxes	\$ 614,700	\$ 727,971	\$ 727,971	\$ -
Fire Insurance Rebate	27,000	26,795	26,795	-
State Revenue Sharing	45,000	28,437	28,437	-
On Behalf Payments	-	-	-	-
Interest	1,000	1,383	1,386	3
FEMA Grant Funds	36,000	38,096	38,096	-
Other Revenues	18,000	20,827	16,980	(3,847)
Total Revenues	<u>741,700</u>	<u>843,509</u>	<u>839,665</u>	<u>(3,844)</u>
Expenditures:				
Public Safety - Fire Protection:				
Salaries & Related Benefits	415,700	431,930	433,998	(2,068)
Insurance	124,500	104,540	104,478	62
Pension Fund Mandate	20,000	20,561	-	20,561
Repairs & Maintenance	33,500	29,125	27,304	1,821
Fuel & Oil	15,000	18,175	18,157	18
Professional Fees	29,000	27,750	27,750	-
Supplies	5,000	4,300	4,140	160
Gear & Uniforms	9,000	5,500	5,467	33
Utilities	24,000	23,700	23,483	217
Telephone	9,000	8,300	8,195	105
Office Supplies & Postage	5,200	4,600	4,484	116
Training	3,000	3,375	3,370	5
Dues & Subscriptions	1,000	840	797	43
Miscellaneous	4,500	3,685	1,237	2,448
Debt Service	38,000	37,901	37,900	1
Capital Outlay	-	38,096	39,500	(1,404)
Total Expenditures	<u>736,400</u>	<u>762,378</u>	<u>740,260</u>	<u>22,118</u>
Excess (Deficiency) of Revenues over Expenditures	5,300	81,131	99,405	(18,274)
Fund Balance:				
Beginning of the Year	<u>48,574</u>	<u>48,574</u>	<u>48,574</u>	<u>-</u>
End of the Year	<u>\$ 53,874</u>	<u>\$ 129,705</u>	<u>\$ 147,979</u>	<u>\$ (18,274)</u>

See independent auditor's report.

Washington Parish Fire Protection District No. 7

Schedule 2

Bogalusa, Louisiana

Schedule of the District's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2017

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability</u>	<u>District's Proportionate Share of the Net Pension Liability</u>	<u>District's Covered Employee Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2017	0.126220%	\$ 723,474	\$ 308,079	234.83%	68.16%
2016	0.136740%	\$ 894,403	\$ 308,079	290.32%	38.16%
2015	0.105600%	\$ 569,843	\$ 224,384	253.96%	72.45%

* The amounts presented for each fiscal year were determined as of June 30 of that year

See independent auditor's report.

Washington Parish Fire Protection District No. 7

Schedule 3

Bogalusa, Louisiana

Schedule of the District's Contributions

For the Year Ended December 31, 2017

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency / (Excess)</u>	<u>District's Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2017	\$ 78,487	\$ 78,487	\$ -	\$ 344,322	22.79%
2016	\$ 83,952	\$ 83,952	\$ -	\$ 308,079	27.25%
2015	\$ 75,959	\$ 75,959	\$ -	\$ 308,079	24.66%

* The amounts presented for each fiscal year were determined as of June 30 of that year

See independent auditor's report.

Other Supplemental Information:

**Schedule of Compensation, Benefits, and Other Payments to
Agency Head**

Washington Parish Fire Protection District No. 7

Schedule 4

Bogalusa, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2017

Agency Head: Richard Breedlove, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 49,615
Benefits - Insurance	9,783
Benefits - Retirement	13,752
Deferred Compensation	-
Benefits - Other - Supplemental Pay	6,000
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	1,299
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 80,449</u>

See independent auditor's report.

**Other Independent Auditor's Report and
Findings, Recommendations, and Responses**



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

To the Members of the Board of Commissioners of
Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Washington Parish Fire Protection District No. 7, a component unit of the Washington Parish Government, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Washington Parish Fire Protection District No. 7's basic financial statements, and have issued our report thereon dated June 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Washington Parish Fire Protection District No. 7'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 Washington Parish Fire Protection District No. 7's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Parish Fire Protection District No. 7's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding number 2017-001 to be material weaknesses

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding number 2017-002 to be a significant deficiency.

Compliance and Other Matters

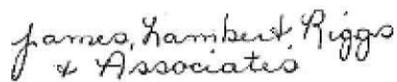
As part of obtaining reasonable assurance about whether Washington Parish Fire Protection District No. 7's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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*.

Washington Parish Fire District No. 7's Response to Findings

The Washington Parish Fire District No. 7's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Washington Parish Fire District No. 7's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 13, 2018

Washington Parish Fire Protection District No. 7
 Bogalusa, Louisiana
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2017

Section I Summary of Auditor's Reports

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	<u>X</u> Yes	___ No
Significant deficiencies not considered to be material weaknesses?	<u>X</u> Yes	___ No
Noncompliance material to the financial statements noted?	___ Yes	<u>X</u> No

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	Not Applicable
Significant deficiencies not considered to be material weaknesses	Not Applicable
Type of auditors' report issued on compliance for major programs	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Not Applicable

Identification of major programs:

CFDA Numbers

No Applicable

Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
Auditee qualified as low-risk audit?	Not Applicable

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

Section II – Internal Control and Compliance

Material Weakness in Internal Control

2017-001 – Financial Statement Preparation

Condition: As is common in small organizations, management has chosen to engage the audit firm to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, have not been fully implemented. Under generally accepted auditing standards (GAAS), this condition represents a material weakness in internal controls. GAAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

This condition was also noted in the prior fiscal year.

Criteria: Internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, are necessary in order for management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the financial statements on a timely basis.

Cause: This condition is intentional by management based on the District's lack of financial complexity, along with the cost prohibitive nature of acquiring the ability to prepare financial statements.

Effect: Management and employees are unable to prevent or detect and correct misstatements on a timely basis in the normal course of performing their assigned functions.

Recommendation: We recommend no action be taken.

Management's Response: Management has determined that the most cost effective and prudent use of District's financial resources is to engage the audit firm to propose year-end adjustments and prepare the financial statements. As such, no action will be taken at this time.

Significant Deficiencies in Internal Control

2017-002- Improvement in Controls Over Capital Assets

Condition: Currently the Fire District relies on the external auditor to maintain the inventory of land, buildings, vehicles and equipment depreciation schedules for the Fire District. While the Fire Chief does maintain an inventory of equipment on each fire or rescue truck for insurance rating purposes, we believe additional controls over the capital assets should be developed.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

- Criteria:* Internal controls over capital assets should be suitably designed so that errors, irregularities, or fraud can be prevented or detected and corrected in a timely manner by management or employees during the normal course of performing their assigned duties. Louisiana law is very specific regarding what type of information is required to be maintained for the capital asset inventory.
- Per LA RS 39:324(A) “Each property manager shall make a complete physical inventory of the property of his agency once each fiscal year. The agency shall establish and maintain a master file of the agency inventory of movable property. The master file shall contain the following information:
(1) A description of the property.
(2) The manufacturer's serial number, if any.
(3) The description and location of the identification mark.
(4) The original cost of the property.
(5) The principal place where the property is housed, garaged, stored, or used.”
- Cause:* The identified weaknesses in internal control appear to be caused by a lack of established policy and procedures over capital assets and reliance on the independent auditor to maintain the inventory records.
- Effect:* Poor internal controls over fixed assets, lack of an identification tag or marking and failure to periodically account for capital assets, can create an environment that does not prevent or detect possible theft, loss or misuse of the District's assets.
- Recommendation:* It is recommended that the District establish adequate policy & procedures over capital assets to follow state laws and best practices advised by the Louisiana Legislative Auditor including:
- Have the Board of Commissioners formally adopt a capitalization threshold.
 - Tagging, engraving or other marking of all capital assets with an identification number
 - Keeping a master inventory file
 - Conducting a physical inventory of all assets annually
- Management's Response:* The District will begin implementing improved controls over capital assets. After a capitalization threshold is adopted by the Board, management will begin creating a master inventory sheet and begin utilizing a tagging system.

Section III – Management Letter Comments

No reported findings for the year ended December 31, 2017.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
 Summary Schedule of Prior Audit Findings
 For the Year Ended December 31, 2017

Ref.#	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken
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Section I - Compliance and Internal Control Material To The Financial Statements

No reported findings for the year ended December 31, 2016.

Section II - Internal Control and Compliance

2016-001	2016	Lack of Adequate Segregation of Duties	Board Members Review Bank Statement and Cleared Items
2016-002	2016	Monthly Financial Reports to Board	Board Members Review Monthly Check Register From Sage Accounting System
2016-003	2016	Fixed Assets Not Tagged	None

Section III - Management Letter

No reported findings for the year ended December 31, 2016.

Note: This schedule has been prepared by management of the Washington Parish Fire Protection District No. 7.



**WASHINGTON PARISH
FIRE PROTECTION DISTRICT 7
17380 Bill Booty Road
Bogalusa, LA 70427**

PHONE: 985/732-5201 FAX: 985/732-5830

June 13, 2018

James, Lambert, Riggs & Associates, Inc.
Post Office Drawer 369
Hammond, Louisiana 70404

In your audit report for the year ended December 31, 2017, you reported the following findings.

2017-001 – Financial Statement Preparation.

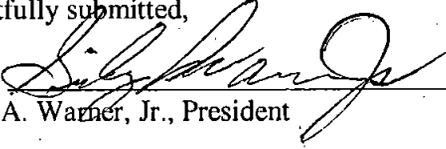
2017-002 – Improvement in Controls Over Capital Assets

We have considered your recommendations for each finding and submit to you the following actions planned by the Fire District.

2017-001 – Financial Statement Preparation – The Fire District has limited financial resources and feel it is in the best interest of the Fire District to have the independent auditor prepare the proposed adjusting journal entries and the financial statements including footnote disclosures for our review and approval.

2017-002 – The Fire Chief is required to maintain a list of all moveable property on each fire truck for fire insurance rating purposes. The Fire District will implement the auditor recommendations by tagging all moveable items and maintaining a complete inventory listing.

Respectfully submitted,

Signed: 
Sidney A. Warner, Jr., President

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 7
BOGALUSA, LOUISIANA**

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

JANUARY 1, 2017 THROUGH DECEMBER 31, 2017

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



**JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.**
CERTIFIED PUBLIC ACCOUNTANTS
www.jlrcpafirm.com



Member of
American Institute of CPAs
Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Sidney A. Warner, Jr., President
and Members of the Board of Commissioners
Bogalusa, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Washington Parish Fire Protection District No. 7 and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those control and compliance areas identified in the SAUPs.

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

Our procedures and findings are detailed in Schedule "A"

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the results 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 Legislative Auditor as a public document.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 13, 2018

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

Results: The District did not have a written policy for budgeting.

- 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.

Results: The District did not have a written policy for purchasing.

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

Results: The District did not have a written policy for disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: The District did not have a written policy for receipts.

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

Results: The District had a written policy for payroll / personnel.

- 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

Results: The District did not have a written policy for contracting.

- 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

Results: The District did not have a written policy for credit cards.

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

Results: The District did not have a written policy for travel and expense reimbursement.

- 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. Note: Ethics requirements are not applicable to nonprofits.

Results: The District had a written policy for ethics.

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

Results: The District did not have a written policy for debt service.

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.

Results: Per a review of the minutes, the Board of Commissioners 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).

Results: Per a review of the minutes of the Board of Commissioners, the financial information given to each Commissioner includes a budget-to-actual comparison for the District's major fund.

- 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.

Results: Per a review of the minutes of the Board of Commissioners, there were no periods of deficit spending during the fiscal period.

- 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.

Results: Per a review of the minutes of the Board of Commissioners, the Commissioners approved contracts and grant agreements in at least one meeting during the year.

Bank Reconciliations

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

Results: Management provided us with the required listing of bank accounts as well as 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 five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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;

Results: For the bank account selected, 11 bank reconciliations were prepared for the twelve months for the period January 1, 2017 through December 31, 2017.

- 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

Results: For the bank account selected, evidence existed that the bank statements were reviewed by a member of management or a board member; however, no evidence existed that the bank reconciliations were reviewed by a member of management or a board member during one month for the period January 1, 2017 through December 31, 2017.

- 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.

Results: For the bank account selected, there were no outstanding items over 6 months as of December 31, 2017.

Collections

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

Results: Management provided us with the required listing of cash collection locations as well as 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 five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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.

Results: The person responsible for collecting cash is bonded. The person responsible for collecting cash is responsible for depositing the cash in the bank, but does not record the related transaction, and does not reconcile the related bank account. The person responsible for collecting cash has his own cash drawer.

- 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.

Results: Management provided us with written documentation or reconciling cash collections to the general ledger. This daily reconciliation is performed by an individual not responsible for cash collections.

- 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.

Results: The highest week of cash collections had only 2 days of collections. Both days' collections were deposited within one business day.

- 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.

Results: Daily cash collections for the highest week of cash collections were completely supported by 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.

Results: The District did not have a written policy for receipts.

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.

Results: Management provided us with the required listing of disbursements as well as 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.

Results: The District does not utilize a purchase order system or equivalent.

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

Results: The District does not utilize a purchase order system or equivalent.

- 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.

Results: For the 25 transactions selected, none were initiated using an approved purchase order. All 25 transactions including a receiving report, when applicable and all 25 transactions had an approved invoice.

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

Results: The accounts payable clerk responsible for processing payments is able to add vendors to the District's purchasing / disbursement system.

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

Results: The individuals who can initiate or record purchases do not have signatory authority.

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.

Results: Checks are printed on blank check stock, and individuals with signatory authority do not have 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.

Results: No signature stamp or machine is utilized by the District.

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.

Results: Management provided us with the required listing of credit cards and fuel cards as well as 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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

Results: For the credit cards and fuel cards selected, the statements of all but one card were reviewed and approved, in writing, by someone other than the authorized card holder.

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

Results: For the credit cards and fuel cards selected, no finance charges and / or late charges were assessed.

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

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

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

Results: For the credit cards and fuel cards selected, all cards selected had supporting itemized receipts for all transactions.

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

Results: For the credit cards and fuel cards selected, all cards selected had supporting documentation of the business/ public purpose, and all meal receipts contained documentation of the individuals participating.

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

Results: The District did not have a written policy for credit cards.

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.

Results: For the credit cards and fuel cards selected, no transactions reviewed required the solicitation of bids or quotes.

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.

Results: For the credit cards and fuel cards selected, there were no violations of Article 7, Section 14 of the Louisiana Constitution.

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.

Results: Management provided to us with the required listing of travel and related expense reimbursements as well as 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.

Results: The District did not have a written policy for travel and expense reimbursement.

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.

Results: For the period of January 1, 2017 through December 31, 2017, management provided to us that there were no travel and expense reimbursements paid to employees.

- 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.]

Results: For the period of January 1, 2017 through December 31, 2017, management provided to us that there were no travel and expense reimbursements paid to employees.

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

Results: For the period of January 1, 2017 through December 31, 2017 management provided to us that there were no travel and expense reimbursements paid to employees.

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

Results: The District did not have a written policy for travel and expense reimbursement

- 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.

Results: For the period of January 1, 2017 through December 31, 2017, management provided to us that there were no travel and expense reimbursements paid to employees.

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

Results: For the period of January 1, 2017 through December 31, 2017, management provided to us that there were no travel and expense reimbursements paid to employees.

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.

Results: Management provided us with a listing of all contracts in effect as well as 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.

Results: For the contract selected, there was a formal / written contract that supported the services arrangement and the amount paid.

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

- 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).

Results: For the contract selected, it was not subject to the Louisiana Public Bid Law and all legal requirements were met.

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

Results: For the contract selected, it was not subject to the Louisiana Public Bid Law.

- 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.

Results: For the contract selected, it was not amended.

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

Results: For the contract selected, the largest payment contained a supporting invoice that complied with the terms and conditions of the contract.

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

Results: For the contract selected, the Board of Commissioners approved the contract.

Payroll and Personnel

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

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

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the randomly selected employees, compensation paid to each employee was made in accordance with each employee's approved pay rate.

- 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.

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete. For the randomly selected employees, all changes to each employee's approved pay rates were approved in writing and in accordance with 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). (Note: Generally, an elected official is not eligible to earn leave and does not document his / her attendance and leave. However, if the elected official is earning leave according to policy and / or contract, the official should document his / her daily attendance and leave.)

Results: Management provided us with all attendance and leave records. For the selected employees, all employees documented their daily attendance and leave.

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

Results: Management provided us with all attendance and leave records. For the selected employees, we reviewed documentation that supervisors approved attendance and leave.

- 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.

Results: Management provided us with all attendance and leave records. For the selected employees, we reviewed written documentation of the District's 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.

Results: Management provided there were no terminated employees during January 1, 2017 through December 31, 2017.

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.

Results: Management provided us with all supporting documentation related to payroll taxes and retirement contributions for the period of January 1, 2017 through December 31, 2017. For this period, all payroll tax deposits and retirement contribution payments were paid 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.

Results: For the randomly selected employees, one employee did not have compliance documentation provided to us for the required ethics training.

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.

Results: Per conversation with the Chief and the Secretary, the District had no alleged ethics violations reported during the period January 1, 2017 through December 31, 2017.

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.

Results: N/A - The District does not have any debt service.

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.

Results: N/A - The District does not have any debt service.

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.

Results: N/A - The District does not have any debt service.

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.

Results: Per conversation with the Chief and Secretary, the District had no misappropriations of public funds or assets during the period January 1, 2017 through December 31, 2017.

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.

Results: Physically viewed a copy of the notice posted on the premises. The District does not have an official website.

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

Results: There were no exceptions regarding management's representations in the procedures above.



**WASHINGTON PARISH
FIRE PROTECTION DISTRICT 7**

17380 Bill Booty Road

Bogalusa, LA 70427

PHONE: 985/732-5201 FAX: 985/732-5830

June 13, 2018

James Lambert Riggs & Associates, Inc.
Post Office Drawer 369
Hammond, Louisiana 70404

Management of Washington Parish Fire Protection District No. 7, Bogalusa would like to present the following response for the results of the December 31, 2017, new Statewide Agreed Upon Procedures which were conducted by James Lambert Riggs & Associates, Inc.

Management has reviewed the results of the new Statewide Agreed Upon Procedures for the period of January 1, 2017 through December 31, 2017 and concurs with the results from the report. Management will continue to work with staff, the Board of Commissioners, and the outside accounting firm to resolve the results of the report.

Sincerely,

Washington Parish Fire Protection District No. 7

Richard
Mr. Robert Breedlove
Fire Chief

Richard Breedlove