

**FIRE PROTECTION DISTRICT NO. 11
OF THE PARISH OF ST. MARY**
Jeanerette, Louisiana

Financial Report

Year Ended September 30, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Commissioners
Fire Protection District No. 11 of the Parish of St. Mary
Jeanerette, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Fire Protection District No. 11 of the Parish of St. Mary (hereinafter "District"), a component unit of the Parish of St. Mary, as of and for the year ended September 30, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require budgetary comparison information 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. The budgetary comparison information on pages 23 and 24 was not audited or reviewed by us, and we do not express an opinion, a conclusion, nor provide any assurance on it.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
April 27, 2018

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Statement of Net Position
September 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 68,275
Investments	366,064
Prepaid insurance	16,494
Other	<u>2,141</u>
Total current assets	<u>452,974</u>
Noncurrent assets	
Capital assets:	
Land	5,000
Other, net of accumulated depreciation	<u>682,549</u>
Net capital assets	<u>687,549</u>
Total assets	<u>1,140,523</u>
LIABILITIES	
Current liabilities	
Current portion of long-term debt	52,000
Accrued expenses	<u>11,893</u>
Total current liabilities	63,893
Long-term debt, net of current portion	<u>107,000</u>
Total liabilities	<u>170,893</u>
NET POSITION	
Net investment in capital assets	528,549
Unrestricted	<u>441,081</u>
Total net position	<u>\$ 969,630</u>

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Statement of Activities
Year ended September 30, 2017

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants	
Governmental activities:				
Public safety	\$ 422,482	\$ -	\$ -	\$ (422,482)
Interest on long-term debt	<u>3,911</u>	<u>-</u>	<u>-</u>	<u>(3,911)</u>
Total governmental activities	<u>\$ 426,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(426,393)</u>
General revenues:				
Ad valorem taxes				263,132
Intergovernmental				29,841
Miscellaneous				<u>4,192</u>
Total general revenues				<u>297,165</u>
Change in net position				(129,228)
Net position - October 1, 2016				<u>1,098,858</u>
Net position - September 30, 2017				<u>\$ 969,630</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Balance Sheet
Governmental Fund
September 30, 2017

	General
ASSETS	
Cash and cash equivalents	\$ 68,275
Investments	366,064
Prepaid insurance	16,494
Other	2,141
Total assets	\$ 452,974
LIABILITIES AND FUND BALANCE	
Liabilities	
Accrued expenses	\$ 11,435
Fund balance	
Nonspendable	16,494
Unassigned	425,045
Total fund balance	441,539
Total liabilities and fund balance	\$ 452,974

(continued)

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Balance Sheet (continued)
Governmental Fund
September 30, 2017

Reconciliation of the governmental fund's balance sheet to the statement of net position

Total fund balance for governmental fund at September 30, 2017	\$ 441,539
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets, net of accumulated depreciation	687,549
Bonds payable	(159,000)
Accrued interest payable	<u>(458)</u>
Net position at September 30, 2017	<u>\$ 969,172</u>

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year ended September 30, 2017

	General
Revenues	
Ad valorem taxes	\$ 263,132
Other income	30,588
Investment earnings	3,445
Total revenues	297,165
Expenditures	
Current - Public safety	
Repairs and maintenance	62,235
Professional fees	21,126
Salaries and related expenses	118,130
Insurance	33,186
Utilities and telephone	13,837
Gas, fuel, oil	14,600
Supplies	9,540
Training	2,058
Other	16,097
Capital outlay	5,021
Debt service	54,911
Total expenditures	350,741
Net change in fund balance	(53,576)
Fund balance, beginning	495,115
Fund balance, ending	\$ 441,539

(continued)

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year ended September 30, 2017

Reconciliation of the statement of revenues, expenditures and changes in fund balance
of governmental funds to the statement of activities

Net change in fund balance for the year ended September 30, 2017 per the statement of revenues, expenditures and changes in fund balance	\$ (53,576)
The change in net position reported for governmental activities in the statement of activities is different because:	
Cost of capital assets	5,021
Depreciation expense	(131,673)
Principal paid on bonds	<u>51,000</u>
Total change in net position for the year ended September 30, 2017 per the statement of activities	<u>\$ (129,228)</u>

See accompanying notes and independent accountant's review report.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

Fire Protection District No. 11 of the Parish of St. Mary (the "District"), was created by Ordinance No. 1096 of the St. Mary Parish Council on April 25, 1990 for the purpose of providing fire protection, medical assistance, and extrication rescue. The District encompasses all territory north of the Intracoastal Waterway in Wards One and Two. The District's firefighters are volunteers of the St. Mary Parish Fire Protection District No. 11 Volunteer Fire Department.

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

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

B. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

The general fund of the District is considered to be a major fund and is described below:

Governmental Fund –

General Fund – This fund is the primary operating fund of the District and it accounts for the operations of the District's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws according to District policy.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

D. Assets, Liabilities, and Net Position/Fund Balance

Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits.

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

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

Investments

State statutes authorize the District to invest in United States bonds, treasury notes or certificates, and time deposits of State banks organized under Louisiana law and national banks having principal offices in Louisiana. Local governments in Louisiana are also authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments meeting the criteria specified in the Statement are stated at fair value. Investments that do not meet the requirements are stated at cost. These investments include amounts invested in the Louisiana Asset Management Pool (LAMP).

Prepaid Items

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

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of the donation. The District maintains a threshold level of \$1,000 or more for capitalizing assets.

Capital assets are recorded in the statement of net position and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	15-25 years
Fire Trucks	15 years
Equipment	5-10 years

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

Equity Classifications

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

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

In the fund financial statements, governmental equity is classified as fund balance. Fund balance is further classified in accordance with GASB Statement 54 as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board of Commissioners is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commission members.
- d. Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – All other spendable amounts.

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

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

E. Use of Estimates

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

(2) Cash and Cash Equivalents

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At September 30, 2017, the District had \$68,275 in cash and cash equivalents (book balances) in an interest-bearing demand deposit checking account.

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

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered, or the District will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a policy to monitor or attempt to reduce exposure to custodial credit risk. At September 30, 2017, the District has \$68,275 in deposits (collected bank balances). These deposits are entirely secured from risk by federal deposit insurance and are, therefore, not exposed to custodial credit risk.

(3) Investments

Investments held at September 30, 2017 consist of \$366,064 in the Louisiana Asset Management Pool (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires the disclosure of credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

Credit risk – LAMP is rated AAAM by Standard & Poor's.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

Custodial credit risk – LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized, because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk – pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk – 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of GASB Statement No. 40.

Foreign currency risk – not applicable to 2a7-like investment pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair market value of investments is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Fair Value Measurements

To the extent available, The District's investments are recorded at fair value as of September 30, 2017. GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District measures and records its investments using fair value guidelines established by GASB 72, which recognizes a three-tiered fair value hierarchy as follows:

- Level 1 – quoted prices for identical investments in active markets
- Level 2 – observable inputs other than quoted market prices
- Level 3 – unobservable inputs

The District's investments in LAMP are measured using observable inputs other than quoted market prices (Level 2 inputs). The investments in LAMP are valued using quoted market prices of the underlying investment of LAMP on a weekly basis and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

(4) Ad Valorem Taxes

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31 and an enforcement lien attaches to the property on January 1. The taxes are collected on behalf of the District by the St. Mary Parish Sheriff and then remitted to the District. Most of the taxes are actually received in January and February.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

For the year ended September 30, 2017, taxes of 12.81 mills were levied on property with assessed valuations totaling \$21,343,970.

Total taxes levied were \$273,415. There were no taxes receivable at September 30, 2017.

(5) Capital Assets

Capital assets and depreciation activity for the year ended September 30, 2016 follows:

	Balance 10/1/2016	Additions	Deletions/ Adjustments	Balance 9/30/2017
Cost				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Buildings	142,000	-	-	142,000
Improvements	43,965	-	-	43,965
Fire trucks	1,472,111	5,021	-	1,477,132
Equipment	720,433	-	-	720,433
Total	<u>2,383,509</u>	<u>5,021</u>	<u>-</u>	<u>2,388,530</u>
Accumulated depreciation				
Buildings	(123,952)	(135)	-	(124,087)
Improvements	(11,747)	(3,437)	-	(15,184)
Fire trucks	(970,909)	(66,213)	-	(1,037,122)
Equipment	(462,700)	(61,887)	-	(524,587)
Total	<u>(1,569,308)</u>	<u>(131,673)</u>	<u>-</u>	<u>(1,700,981)</u>
Net capital assets	<u>\$ 814,201</u>	<u>\$ (126,652)</u>	<u>\$ -</u>	<u>\$ 687,549</u>

Depreciation totaling \$131,673 was charged to public safety.

(6) Long-Term Debt

The following is a summary of long-term debt transactions of the District for the year ended September 30, 2017 :

Bonds payable, September 30, 2016	\$ 210,000
Bonds retired	<u>51,000</u>
Bonds payable, September 30, 2017	<u>\$ 159,000</u>

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
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Notes to Basic Financial Statements (continued)

Bonds payable at September 30, 2017 is comprised of the following issue:

\$400,000 Limited Tax Revenue Bonds, Series 2012 dated September 6, 2012, due in annual installments of \$47,000 to \$54,000 through March 1, 2020, interest at 2.12 percent, secured by levy and collection of ad valorem taxes \$ 159,000

The future maturities of the bonds payable are as follows:

Year Ending September 30	Principal	Interest	Total
2018	\$ 52,000	\$ 2,820	\$ 54,820
2019	53,000	1,423	54,423
2020	54,000	856	54,856
	<u>\$ 159,000</u>	<u>\$ 5,099</u>	<u>\$ 164,099</u>

(7) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the District's major governmental fund is presented as follows:

Fund balance	
Nonspendable for -	
Prepaid expenditures	\$ 16,494
Unassigned	425,045
Total fund balance	<u>\$ 441,539</u>

(8) Related Parties

The District is a related party of the St. Mary Parish Council, the primary government. See Note 1 for further explanation of this relationship. During the year ended September 30, 2017, the District received allocations from the Parish totaling \$29,841.

(9) Concentrations

Ad valorem taxes comprise the majority of the District's revenues. Ad valorem taxes collected during the year ended September 30, 2017 accounted for approximately 89% of total revenues.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Notes to Basic Financial Statements (continued)

(10) Risk Management

The District is exposed to various risks of loss related to torts, theft, or damage to assets, errors and omissions, injuries to employees and natural disasters. The District has purchased commercial insurance to protect against loss from substantially all of these perils. There were no significant changes in coverages, retentions, or limits during the year ended September 30, 2017. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

(11) Compensation Paid to Commissioners

The District's commissioners received the following per diem for the year ended September 30, 2017:

<u>Name</u>	<u>Amount</u>
Johnny Sutton	\$ 540
Shirley Purvey	390
Eva Rollins	510
Ronald Chillis	480
Roy Marks	540
	<u>\$ 2,460</u>

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. With the exception of per diem, no other payments which would require disclosure were made to the District's chief officer. For the year ended September 30, 2017, the District's chief officer, Ronald Chillis, received \$480 in per diem payments.

REQUIRED SUPPLEMENTARY INFORMATION

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Budgetary Comparison Schedule
General Fund
Year ended September 30, 2017

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Ad valorem taxes	\$ 255,000	\$ 255,000	\$ 263,132	\$ 8,132
Allocation from St. Mary Parish	51,764	34,649	-	(34,649)
Other income	500	500	30,588	30,088
Investment earnings	1,450	1,450	3,445	1,995
Total revenues	<u>308,714</u>	<u>291,599</u>	<u>297,165</u>	<u>5,566</u>
Expenditures				
Current - Public safety				
Repairs and maintenance	21,900	21,900	62,235	(40,335)
Professional fees	17,200	17,200	21,126	(3,926)
Salaries and related expenses	117,500	117,500	118,130	(630)
Insurance	38,000	38,000	33,186	4,814
Utilities and telephone	9,000	9,000	13,837	(4,837)
Gas, fuel, oil	15,000	15,000	14,600	400
Supplies	8,000	8,000	9,540	(1,540)
Training	4,250	4,250	2,058	2,192
Other	9,850	8,700	16,097	(7,397)
Capital outlay	5,000	5,000	5,021	(21)
Debt service	55,971	55,971	54,911	1,060
Total expenditures	<u>301,671</u>	<u>300,521</u>	<u>350,741</u>	<u>(50,220)</u>
Net change in fund balance	7,043	(8,922)	(53,576)	(44,654)
Fund balance, beginning	<u>495,115</u>	<u>495,115</u>	<u>495,115</u>	<u>-</u>
Fund balance, ending	<u>\$ 502,158</u>	<u>\$ 486,193</u>	<u>\$ 441,539</u>	<u>\$ (44,654)</u>

See independent accountant's review report on required supplementary information.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Note to Budgetary Comparison Schedule

(1) Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as finally amended by the District.

The District follows these procedures in establishing the budgetary data reflected in the financial statement:

1. The Chief prepares a proposed budget and submits it to the Board of Commissioners for approval.
2. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in the expenditures resulting from revenue exceeding amounts estimated require the approval of the Board of Commissioners.
3. All budgetary appropriations lapse at the end of each fiscal year.

(2) Excess of Expenditures over Appropriations

For the year ended September 30, 2017, expenditures exceeded appropriations by \$50,220. These excess expenditures were covered by available fund balance in the fund.

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Members of the Board of Commissioners
Fire Protection District No. 11 of the Parish of St. Mary
Jeanerette, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by Fire Protection District No. 11 of the Parish of St. Mary (hereinafter "District") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended September 30, 2017 included in the accompanying *Louisiana Attestation Questionnaire* (Exhibit A). The management of the District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$154,450 and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

There were no expenditures for materials and supplies made during the year that exceeded \$30,000 and/or \$154,450 for public works which were required to meet the provisions of the public bid law.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of your immediate family members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of you and all employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management were also included on the listing obtained from management as immediate family members.

None of the employees included on the list of employees provided by management [agreed upon procedure (3)] appeared on the list provided by management in agreed-upon procedures (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the budget.

6. Trace the budget adoption to adoption instruments.

Adoption of budget traced to action at September 29, 2016, board meeting.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budget revenues by five percent (5%) or more or if actual expenditures exceeded budgeted amounts by five percent (5%) or more.

Actual revenues did not fail to meet budgeted revenues by 5% or more. Expenditures exceeded budgeted amounts by 5% or more.

Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

We traced the selected disbursements to their respective general ledger postings and determined that all were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval proper authorities.

We inspected the disbursement for the proper approval and determined that the District had properly approved all disbursements.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:11 through 42:28 (the open meetings law).

The District provided minutes to monthly meetings and was in compliance with LSA-RS 42:11 through 42:28.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances which would indicate payments to employees that may constitute bonuses, advances, or gifts.

Prior Comments and Recommendations

12. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Our prior year report, dated March 28, 2017, did not include any comments or unresolved matters with regard to the foregoing agreed upon procedures.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the District and the Louisiana Legislative Auditor and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
April 27, 2018

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Schedule of Findings
Year Ended September 30, 2017

Findings required to be reported in accordance with *Government Auditing Standards*

A. Internal Control Findings –

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

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

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

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

2017-002 Financial Reporting

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

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

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

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

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

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Schedule of Findings (continued)
Year Ended September 30, 2017

B. Compliance Findings –

2017-003 Local Government Budget Act

CONDITION: The District incurred negative budget variances in excess of 5% in the General Fund.

CRITERIA: RS 39:1311 et seq, Budgetary Authority and Control, provided for the following:

“A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation shall advise the governing authority or independently elected official in writing when:

Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more...”

CAUSE: The condition results from a failure to properly monitor the revenues and expenditures of the General Fund.

EFFECT: The District may not prevent and/or detect compliance violations due to over expenditure or the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: We recommend that the District adopt budgetary amendments as necessary to cause compliance with state statute.

2017-004 Late Submission of Financial Report

CONDITION: The District’s financial report was not completed and submitted to the Office of the Legislative Auditor within six months of year end.

CRITERIA: LSA-RS 24:513 et seq. provides that financial reports of political subdivisions shall be completed within six months of the close of the entity’s fiscal year.

CAUSE: The condition results from a failure to comply with state statutes.

EFFECT: The District is not in compliance with LSA-RS 24:513 et seq.

RECOMMENDATION: The District should implement policies and procedures to ensure that its audit or other attestation engagement is completed and the resulting report submitted to the Office of the Legislative Auditor within six months of year end.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Summary Schedule of Prior Findings
Year Ended September 30, 2017

A. Internal Control –

2016-001 Inadequate Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

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

CURRENT STATUS: The conditions giving rise to the finding still remain. The finding will be reiterated in the current year.

2016-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the application of generally accepted accounting principles in the preparation of financial statements.

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

CURRENT STATUS: The conditions giving rise to the finding still remain. It has been management and the board's position that it is more cost effective to outsource the preparation of its annual financial statements to its independent auditors. Therefore, the finding will again be reported in the current year.

B. Compliance –

There were no findings reported under this section.

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Jeanerette, Louisiana

Management's Corrective Action Plan for Current Findings
Year Ended September 30, 2017

2017-001 Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: No response is considered necessary.

2017-002 Financial Reporting

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

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

2017-003 Local Government Budget Act

CONDITION: The District incurred negative budget variances in excess of 5% in the General Fund.

MANAGEMENT'S RESPONSE: The District will more closely monitor budget to actual comparisons and adopt the necessary amendments to cause compliance with state statutes.

2017-004 Late Submission of Financial Report

CONDITION: The District's financial report was not completed and submitted to the Office of the Legislative Auditor within six months of year end.

MANAGEMENT'S RESPONSE: The District experienced some delays in gathering the information necessary to allow its independent accountants to perform its engagement in a timely manner. The District has implemented internal procedures to ensure that all necessary information is collected throughout the year to allow for a timely transfer of documentation to the independent accountants which would allow for timely completion and submission of the financial report to the Legislative Auditor.

LOUISIANA ATTESTATION QUESTIONNAIRE

Exhibit A

FIRE PROTECTION DISTRICT NO. 11 OF THE PARISH OF ST. MARY
Louisiana Attestation Questionnaire
Year Ended September 30, 2017

Kolder, Champagne, Slaven & Company, LLC
P.O. Box 3438
Morgan City, LA 70381

In connection with your review of our financial statements as of September 30, 2017 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of September 30, 2017.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.
Yes No

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.
Yes No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.
Yes No

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.
Yes No

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.
Yes No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No

We have had our financial statements reviewed in accordance with R.S. 24:513.
Yes No

We have complied with R.S. 24:513(A)(3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Johnny Dutton Secretary 12/12/17 Date

Johnny Dutton Treasurer 12/12/17 Date

Ronald G. Chiles President 12/12/17 Date