

FIRE PROTECTION DISTRICT NO. 7

**OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Annual Component Unit Financial Statements with
Independent Auditors' Report**

and

**Report on Internal Control Over Financial Reporting and
Compliance and Other Matters**

For the Year Ended September 30, 2018

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FINANCIAL INFORMATION SECTION



INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Fire Protection District No. 7 of the Parish
of St. Mary, State of Louisiana
Bayou Vista, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund and the respective budgetary comparison for the General Fund of Fire Protection District No. 7 of the Parish of St. Mary, a component unit of St. Mary Parish, as of and for the year ended September 30, 2018, and the related notes to these 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fire Protection District No. 7 of the Parish of St. Mary, as of September 30, 2018 and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 12, 2019, on our consideration of the Fire Protection District No. 7 of the Parish of St. Mary, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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 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 Fire Protection District No. 7 of the Parish of St. Mary, internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
March 12, 2019

FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA

Statement of Net Position
September 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 88,477
Total current assets	<u>88,477</u>
Capital Assets	
Property and equipment, net of accumulated depreciation	<u>1,623,712</u>
Total net capital assets	<u>1,623,712</u>
Total Assets	<u>\$ 1,712,189</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	\$ 4,988
Accrued interest payable	2,882
Current portion of long-term debt	<u>110,000</u>
Total current liabilities	<u>117,870</u>
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>959,000</u>
Total noncurrent liabilities	<u>959,000</u>
Total liabilities	<u>1,076,870</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	<u>96,238</u>
Total deferred inflows of resources	<u>96,238</u>
Total liabilities and deferred inflows of resources	<u>1,173,108</u>
NET POSITION	
Net Investment in capital assets	554,712
Unrestricted (deficit)	<u>(15,631)</u>
Total net position	<u>539,081</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,712,189</u>

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Activities
For the Period Ended September 30, 2018**

	<u>Total</u>
<u>Expenses</u>	
Advertising	\$ 1,351
Auto and truck	8,728
Insurance	35,394
Professional services	29,958
Office	1,560
Repair and maintenance	49,651
Salaries and per diem	72,208
Supplies	20,607
Utilities and telephone	10,054
Taxes- payroll	5,484
Training	7,867
Uniforms	895
Miscellaneous	809
Depreciation	193,138
Interest	36,095
Pension expense (benefit)	(32,944)
Fees on long-term debt	470
Total program expenses	441,325
 <u>Capital grants and contributions</u>	
Capital grant from Bayou Vista Volunteer Fire Department	30,000
Capital grant from St. Mary Parish Council	18,100
Total capital grants and contributions	48,100
 <u>General revenues</u>	
Advalorem taxes	376,264
Investment income	56
Miscellaneous revenue	788
Total general revenues	377,108
 Special item: Major repair on St. Mary Parish Council's building	(64,862)
 Total general revenues and special items	360,346
 Increase (decrease) in net position	(80,979)
 Net position - beginning of period	620,060
Net position - end of period	\$ 539,081

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Balance Sheet
Governmental Funds
September 30, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 86,753	\$ 1,724	\$ 88,477
Due from Debt Service Fund	<u>23,383</u>	<u> </u>	<u>23,383</u>
 Total assets	 <u>\$ 110,136</u>	 <u>\$ 1,724</u>	 <u>\$ 111,860</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	4,988		4,988
Due to General Fund	<u> </u>	<u>23,383</u>	<u>23,383</u>
 Total liabilities	 <u>4,988</u>	 <u>23,383</u>	 <u>28,371</u>
Fund balances (deficits):			
Nonspendable	23,383		23,383
Unassigned	<u>81,765</u>	<u>(21,659)</u>	<u>60,106</u>
 Total fund balances	 <u>105,148</u>	 <u>(21,659)</u>	 <u>83,489</u>
 Total liabilities and fund balances	 <u>\$ 110,136</u>	 <u>\$ 1,724</u>	 <u>\$ 111,860</u>

Reconciliation of the total fund balance -- total governmental funds
to the net position of governmental activities:

Total fund balance - Governmental Funds		\$	83,489
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.			1,623,712
Interest payable on long-term debt does not require current financial resources, and, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.			(2,882)
Noncurrent liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet			
Current portion of long-term debt	\$ 110,000		
Noncurrent portion of long-term debt	<u>959,000</u>		<u>(1,069,000)</u>
Deferred outflows and inflows of resources do not affect the current period and, therefore, they are not reported in the governmental fund balance sheet:			
Deferred inflows of resources related to pensions			<u>(96,238)</u>
Net position of governmental activities		\$	<u>539,081</u>

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Period Ended September 30, 2018**

	General Fund	Debt Service Fund	Total Governmental Funds
<u>Revenues</u>			
Ad valorem taxes	\$ 250,839	\$ 125,425	\$ 376,264
Capital grant	30,000		30,000
Intergovernmental revenue	18,100		18,100
Investment income	53	3	56
Misc income	788		788
	<u>299,780</u>	<u>125,428</u>	<u>425,208</u>
<u>Expenditures</u>			
Current:			
Advertising	1,351		1,351
Auto and truck	8,728		8,728
Insurance	35,394		35,394
Professional services	29,958		29,958
Supplies	20,607		20,607
Office	1,560		1,560
Repair and maintenance	49,651		49,651
Salaries and per diem	72,208		72,208
Training	7,867		7,867
Utilities and telephone	10,054		10,054
Uniforms	895		895
Payroll tax	5,484		5,484
Miscellaneous	809		809
Debt service:			
Principal		108,000	108,000
Interest and fiscal charges		36,515	36,515
Fees		470	470
Capital outlay	<u>198,376</u>		<u>198,376</u>
	<u>442,942</u>	<u>144,985</u>	<u>587,927</u>
Excess (deficiency) of revenues over (under) expenditures	(143,162)	(19,557)	(162,719)
<u>Special Item</u>			
Major repair on St. Mary Parish Council's building	<u>(64,862)</u>		<u>(64,862)</u>
Net change in fund balance	(208,024)	(19,557)	(227,581)
Fund balances (deficits), beginning of period	<u>313,172</u>	<u>(2,102)</u>	<u>311,070</u>
Fund balances (deficits), end of period	<u>\$ 105,148</u>	<u>\$ (21,659)</u>	<u>\$ 83,489</u>

Reconciliation of the changes in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balance - Governmental Funds \$ (227,581)

Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. 108,000

Governmental funds report capital outlay expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$198,376) meeting the District's Capitalization policy in the current period exceeds depreciation (\$193,138) in the current period. 5,238

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds
Interest 420

Government funds report employer contributions to pension costs as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions minus the decrease in deferred inflows of resources amortized over the remaining service life is reported as pension (expense) or reduction of expense. This is the amount by which employer contributions (none) is exceeded by cost of pension benefits (none) and decrease in deferred inflow of resources (\$32,944 in 2018) 32,944

Change in net position of governmental activities \$ (80,979)

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF ST. MARY
STATE OF LOUISIANA**

**Budgetary Comparison - General Fund (Non-GAAP Basis)
For the Year Ended September 30, 2018**

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Amounts</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Ad valorem taxes	\$ 300,000	\$ 300,000	\$ 250,839	\$ (49,161)
Capital grant			30,000	30,000
Intergovernmental revenue			18,100	18,100
Misc income			788	788
Investment income			53	53
	<u>300,000</u>	<u>300,000</u>	<u>299,780</u>	<u>(220)</u>
<u>Expenditures</u>				
Current:				
Advertising	1,700	1,400	1,351	49
Auto and truck	12,000	7,000	8,728	(1,728)
Insurance	35,000	42,000	35,394	6,606
Professional services	15,000	29,400	29,958	(558)
Office	500	950	1,560	(610)
Payroll tax	3,000	5,125	5,484	(359)
Repair and maintenance	20,000	20,000	45,601	(25,601)
Salaries and per diem	45,000	68,100	72,208	(4,108)
Supplies	9,000	15,000	20,607	(5,607)
Utilities and telephone	5,000	9,675	10,054	(379)
Training	3,500		7,867	(7,867)
Uniforms	1,200	900	895	5
Miscellaneous	700	705	809	(104)
Capital outlay	185,000	318,000	263,238	54,762
	<u>336,600</u>	<u>518,255</u>	<u>503,754</u>	<u>14,501</u>
Excess of revenues over expenditures	<u>\$ (36,600)</u>	<u>\$ (218,255)</u>	<u>\$ (203,974)</u>	<u>\$ 14,281</u>

**FIRE PROTECTION DISTRICT NO. 7 OF THE PARISH OF
ST. MARY, STATE OF LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fire Protection District No. 7 (the District) of the Parish of St. Mary, State of Louisiana, was created by Ordinance No. 1008 of the St. Mary Parish Council on May 27, 1987. Active operations of the District began on October 24, 2007. The District encompasses the area of the Parish known as Bayou Vista. The purpose of the District is to provide fire prevention, fire protection, medical assistance, and extrication rescue. The District's firefighters are volunteers of the Bayou Vista Volunteer Fire Department.

The financial statements of Fire Protection District No. 7 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

Based upon the above criteria, the District is a component unit and integral part of the St. Mary Parish Council (the primary government).

These financial statements include only the operations of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities which report all activities of the District as a whole. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The following is a description of the funds utilized by the District.

Governmental Funds

The District considers both of its governmental funds to be major funds.

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

D. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Statements

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, all deferred outflows of resources, all liabilities, all deferred inflows of resources (whether current or noncurrent) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fund Financial Statements

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities (the District uses a thirty day period after year end).

E. Revenues

The following is a summary of the District's recognition policies for its major revenue sources:

Ad valorem taxes (which are based on population and homesteads in the District) are recorded in the year taxes are assessed and collected.

Interest earnings are generally recorded when earned.

Substantially all other revenues are recorded when received.

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.

F. Expenses/Expenditures

The government-wide financial statements recognize expenses under the accrual basis of accounting and records the related liability at the time the expense is incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on long-term debt which is not recognized until due.

G. Net Pension Liability and Deferred Outflows and Inflows of Resources

During the year ended September 30, 2015, the District implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions ". This GASB statement establishes accounting and financial reporting by state and local governments for pensions. This pronouncement requires the District to calculate and recognize a net pension liability and certain deferred outflows and inflows of resources and pension expense. In years prior to 2016, the District was a member of the Firefighters Retirement System of Louisiana (FRS), a cost sharing multiple employer public employee retirement system. For purposes of measuring its net pension liability, deferred outflows and inflows of resources, and pension expense, the District uses the same basis as FRS.

As of 2016, the District no longer employs individuals eligible to participate in the FRS and does not anticipate doing so in the future. Because of this the District is no longer a member of FRS. As long as the District does not employ individuals who qualify for the FRS, it is not anticipated that the District will be required to make future contributions.

However, because of the District's prior membership in FRS, the District reports a Deferred Inflow of Resources related to pensions of \$96,239 at year end. This amount will be reduced over future years based upon actuarial calculations by FRS. These annual reductions will be reported as a reduction of pension expenses in the Statement of Activities. The amount reported as reduction of pension expense in 2018 is \$32,944.

H. Budgets

Annual appropriated budgets are adopted for the General Fund. The District is not required and does not adopt budgets for its Debt Service Fund. For these reasons, the financial statements do not contain a budget to actual comparisons for this fund. Budgets are adopted on a basis consistent with generally accepted accounting principles except that for budget purposes: regular scheduled maintenance expenses of \$4,050 were budgeted for payment in October 2018 when due, rather than in the current fiscal year when the maintenance was performed. All annual appropriations lapse at fiscal year end. Budgets are amended when necessary with Board approval. In the financial statement comparison of the budget to actual amounts, both the original and final amended budget amounts are shown. The budget comparison is presented as a basic financial statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Cash and Cash Equivalents

Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include bank deposits and/or certificates of deposit with original maturities of less than three months.

J. Fixed Assets

The accounting treatment over property, plant, equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All purchased fixed assets are valued at historical cost. Costs include all auxiliary costs to place the assets in service including delivery fees, freight and capitalized interest costs. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets are reported at their historical cost or estimated fair market value less their accumulated depreciation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method based on the estimated useful life of the various assets. The following is a summary of estimated useful lives by classification of the fixed assets:

<u>Category</u>	<u>Years</u>
Building	40
Equipment	3-10
Vehicles	5-15

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operation are accounted for as capital outlay expenditures of the governmental fund when payment is made.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Long-term Debt

Government-wide Financial Statements

In the government-wide financial statements, all long-term debt is reported as a liability. The long-term debt of the District consists of bonds payable.

Fund Financial Statements

Long-term debt for governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

L. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in the three components:

- a) Net investment in capital assets - Consists of capital assets and deposits set aside to purchase capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net position - Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements

Governmental fund equity may be classified by five categories: nonspendable, restricted, committed, assigned, and unassigned. At present, the District only requires reporting of nonspendable and unassigned. Nonspendable represents those portions of fund equity which cannot be spent because they are not in spendable form. Unassigned represents those portions of fund equity that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the general fund.

M. Interfund receivables and payable

Temporary reallocations between funds of the District are classified as due to and due from. For the purpose of the Statement of Net Position, all due to and due from amounts between individual governmental funds have been eliminated.

NOTE 2 – SPECIAL ITEM

Significant transactions, within the control of management that are either unusual in nature or infrequent in occurrence are special items.

During the current year, the District performed major repairs costing \$64,862 on a building which the District uses, but the St. Mary Parish Council owns. These repairs are reported as a Special Item by the District in the current year.

NOTE 3 - FUND DEFICITS

The District had a deficit fund balance in the Debt Service Fund at year end of \$21,659. The fund deficit will be funded by increased ad valorem tax revenue next year.

NOTE 4 - CASH AND CASH EQUIVALENTS

The District does not have a formal investment policy related to interest rate risk (the risk of an investment decreasing in value due to increasing interest rates).

In addition the District does not have a formal investment policy related to credit risk. (including concentrations of credit). However the District does follow state law as to limitations on types of deposits and investments as described below.

The District does not invest in any investments subject to foreign currency risk.

Under state law the District may deposit its funds with certain state and federally chartered financial institutions. These deposits are required to be insured or collateralized by the financial institutions.

At year end, the carrying amount of the District's cash was \$88,477 and the bank balance was \$91,333 (all of which was covered by federal depository insurance).

NOTE 5 - TAXES

The District's property 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 taxes are considered delinquent January 1. Notices regarding seizures are sent out in April with the seizure date being May 1. The taxes are collected on behalf of the District by the Sheriff and then remitted to the District. The District actually receives most of the taxes in January.

The District receives 7 mills of property tax, 5 mills is distributed to the General Fund and dedicated to operations and maintenance and 2 mills is distributed to the Debt Services Fund and dedicated to debt retirement.

NOTE 5 – TAXES (continued)

Based upon the taxable assessed value of the property within the District each mill of assessment generated approximately \$54,000 of tax revenue in 2018.

NOTE 6 - FIXED ASSETS

Capital assets activity for the year ended September 30, 2018 is as follows:

	Balance September 30, <u>2017</u>	<u>Additions</u>	Balance September 30, <u>2018</u>
Capital assets not being depreciated			
Land	\$ 7,000	_____	\$ 7,000
Total capital assets not being depreciated	<u>7,000</u>	_____	<u>7,000</u>
Capital assets			
Building and improvements	\$ 523,698		\$ 523,698
Equipment	538,356	\$ 198,376	736,732
Vehicles	<u>1,441,604</u>	_____	<u>1,441,604</u>
Total other capital assets at historical cost	<u>2,503,658</u>	<u>198,376</u>	<u>2,702,034</u>
Less accumulated depreciation for:			
Building and improvements	(37,903)	(17,458)	(55,361)
Equipment	(215,291)	(78,752)	(294,043)
Vehicles	<u>(638,990)</u>	<u>(96,928)</u>	<u>(735,918)</u>
Total accumulated depreciation	<u>(892,184)</u>	<u>(193,138)</u>	<u>(1,085,322)</u>
Other capital assets, net	<u>1,611,474</u>	<u>5,238</u>	<u>1,616,712</u>
Total capital assets, net	<u>\$ 1,618,474</u>	<u>\$ 5,238</u>	<u>\$ 1,623,712</u>

NOTE 7 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the period ended September 30, 2018:

Balance at September 30, 2017	\$1,177,000
Reductions-regular payments	(108,000)
Balance at September 30, 2018	<u>\$1,069,000</u>

Obligations payable at September 30, 2018, are as follows:

General Obligation Bonds

\$750,000 of General Obligation Bonds were issued on June 1, 2008, for the purpose of acquiring, constructing and improving fire protection facilities and equipment, including purchasing and equipping a ladder truck. The bonds bear interest at rates of 3.95 percent and are payable through the year 2023. The bonds are to be retired with ad valorem taxes by the Debt Service Fund. \$115,000

\$1,250,000 of General Obligation Bonds were issued on August 30, 2012, for the purpose of acquiring, constructing, and improving fire protection facilities, machinery, and equipment. The bonds bear interest at a rate of 3.15 percent and are payable through the year 2032. The bonds are to be retired with ad valorem taxes by the Debt Service Fund. 954,000
\$1,069,000

The following is an approximation of future debt requirements at September 30, 2018:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 110,000	32,641	142,641
2020	117,000	28,606	145,606
2021	59,000	25,594	84,594
2022	61,000	23,704	84,704
2023	62,000	21,767	82,767
2024-2028	344,000	77,553	421,553
2029-2032	<u>316,000</u>	<u>20,498</u>	<u>336,498</u>
	<u>\$1,069,000</u>	<u>\$230,363</u>	<u>\$1,299,363</u>

NOTE 7 - LONG-TERM DEBT (continued)

The District is subject to certain affirmative and negative covenants pursuant to its bond and debt agreements. The covenants include but are not limited to:

1. Establishment and funding of a debt service fund.
2. Restriction as to additional debt issuance.

NOTE 8 - DUE TO/FROM

Due to/from other funds at September 30, 2018 consists of the following:

<u>Payable To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$23,383

The \$23,383 payable to the General Fund is for amounts paid on behalf of the Debt Service Fund by the General Fund.

NOTE 9 - RELATED PARTIES

The District and the Bayou Vista Volunteer Fire Department jointly provide fire protection for the area. The Bayou Vista Volunteer Fire Department provides the use of the fire station, fire trucks, certain fire equipment, and services of volunteer firefighters. No amounts are reported for these items or services in these financial statements.

During the year, Bayou Vista Volunteer Fire Department provided \$30,000 to the District for purchase of equipment that is owned and maintained by the District, but will be jointly used to provide fire protection services.

The District received \$18,100 from St. Mary Parish Council to aid in purchase of fire protection equipment.

NOTE 10 - COMPENSATION OF BOARD MEMBERS AND CHIEF EXECUTIVE OFFICER

The Chairmen (the Chief Executive Officer did not receive any additional reimbursement of expenses, benefits, or compensation other than regular per diem) and the other board members received the following per diems for the year ended September 30, 2018.

Myron Bourque (Chairman & Chief Executive Officer)	\$ 120
Galen Guillot	285
Alvin Lodrique	285
Ronald Rock	150
Robert Wilkerson	<u>435</u>
	<u>\$1,275</u>

NOTE 11 – CONCENTRATIONS

Ad valorem taxes accounted for approximately 88% of the District's revenues.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE
AND OTHER MATTERS SECTION



INDEPENDENT AUDITORS' 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

Board of Commissioners
Fire Protection District No. 7 of the Parish
of St. Mary, State of Louisiana
Bayou Vista, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the Budgetary Comparison for the General Fund of the Fire Protection District No. 7 of St. Mary Parish (District), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated March 12, 2019.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

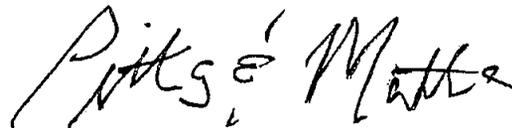
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item 2018-001.

The District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. The District'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is considered a public record and may be distributed by the Louisiana Legislative Auditor.



CERTIFIED PUBLIC ACCOUNTANTS

Morgan City, Louisiana
March 12, 2019

FIRE PROTECTION DISTRICT NO. 7
Of the Parish of St. Mary, State of Louisiana

Schedule of Findings
For the Year Ended September 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Fire Protection District No. 7 of the Parish of St. Mary.

2. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

No findings are required to be reported for the year ended September 30, 2018.

Compliance and Other Matters

There was one instance of noncompliance which is required to be reported.

3. Federal Awards

This section is not applicable for the year ended September 30, 2018.

4. Management Letter

No letter was issued.

B.FINDINGS – FINANCIAL STATEMENT AUDIT

ITEM OF NONCOMPLIANCE

ITEM NO. 2018-001 – Incorrect Payment of Per diems

Auditors' Comments

Condition: From the period of October 2017 to February 2018, board members were paid a \$60 (October) or \$75 (November to February) per diem for attending meetings. These amounts were not in accordance with amounts specified in state statutes.

Criteria: State statutes related to fire protection districts state in part:

“Members of the governing board of fire protection districts...may be paid a per diem of thirty dollars for attending meetings of the board; not to exceed two meetings in any one calendar month....”

Cause: The board was not fully knowledgeable of the statute.

Recommendation: No recommendation. Corrective action taken in March 2018.

Management's Response:

Upon being advised that members were overpaid, we immediately began paying the correct amount and notified board members of amount of overpayments. All current board members with the exception of one, who is in the process of repaying, have repaid. We are contacting former board members to arrange collections of amounts overpaid to them.

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS

This section is not applicable for the year ended September 30, 2018.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY FIRE PROTECTION DISTRICT NO. 7
OF ST. MARY PARISH, STATE OF LOUISIANA

ITEM OF NONCOMPLIANCE

ITEM NO. 2017-001 – Incorrect Payment of Per Diems

Condition: Our auditors noted that board members were being paid more than amounts limited by state statutes.

Corrective Action: Upon being advised that members were overpaid, we immediately began paying the correct amount and notified board members of amount of overpayments. All current board members with the exception of one, who is in the process of repaying, have repaid.

St. Mary Parish Fire Protection District 7
P.O. Box 143
Berwick, LA 70342

March 12, 2019

Mr. Daryl Purpera, CPA, CFE
Legislative Auditor, State of Louisiana
P.O. Box 94397
Baton Rouge, LA 70803-9397

Dear Mr. Purpera:

Fire Protection District No. 7 of the Parish of St. Mary, State of Louisiana respectfully submits the following corrective action plan for their year ended September 30, 2018.

CORRECTIVE ACTION:

Person Responsible: Myron Bourque, Chairman
Fire Protection District No. 7 of the Parish
of St. Mary, State of Louisiana
1701 Saturn Rd.
Morgan City, LA 70380

Time of Completion: September 30, 2018

Item of Noncompliance: Re: Item No. 2018-001

Incorrect Payment of Per Diem: During the audit, our auditors noted that members of the board of directors were paid monthly per diems of \$60. This amount is not in accordance with the amounts specified in the state statutes.

Corrective Action: Upon being advised that members were overpaid, we immediately began paying the correct amount and notified board members of amount of overpayment. All current board members with the exception of one, who is in the process of paying, have paid. We have contacted former board members to arrange collections of amounts overpaid to them.

Myron Bourque



Chairman