

***TERREBONNE PARISH FIRE DISTRICT NO. 9  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2017***

**TERREBONNE PARISH FIRE DISTRICT NO. 9**  
**ANNUAL FINANCIAL REPORT**  
*As of and for the Year Ended December 31, 2017*

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**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2017*

The following narrative is presented to facilitate a better understanding of the year-end financial position and results of operations for the year. When read in conjunction with the notes to the financial statements, this section's financial highlights, overview and analysis should assist the reader to gain a more complete knowledge of the financial performance.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- Because of this year's operations assets exceeded liabilities by \$2,175,672 (net position).
- Total net position are comprised of the following:
  - (1) Net invested in capital assets of \$1,328,746 including the cost of land, buildings & improvements, trucks and equipment.
  - (2) Unrestricted of \$846,926 representing the portion available to maintain the continuing obligations to citizens and creditors.
- Total spending for all public safety activities was \$457,712 for the year, which was approximately \$150,000 less than the prior year.
- The general revenues of mainly ad valorem taxes totaled \$554,686 for the year – a decrease of over \$100,000.
- The governmental funds reported total ending fund balance of \$1,156,806, of which all was considered unassigned: This compares to the prior year ending fund balance – of \$991,821, showing an increase of \$164,985 during the current year.
- Total revenue reported for all governmental funds was \$565,651, a decrease of approximately 15% from the prior year. Total current expenditures for public safety were \$371,062 – a decrease of 3% from the prior year. Capital expenditures were \$29,604 including the purchase of a machinery and equipment and building improvements. This resulted in an excess of revenues over expenditures for the year of \$164,985.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2017*

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

***Government-Wide Financial Statements***

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues, governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, business-type activities.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws.

The District utilizes a governmental type of fund with the following accounting approach. All of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2017*

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

The Statement of Net Position and the Statement of Activities reports governmental activities. Our analysis below focuses on the net assets of the governmental-type activities:

	<b>Condensed Statement of Net Position</b>		Increase
	2017	2016	(Decrease)
Current and Other Assets	\$ 1,715,574	\$ 1,529,681	\$ 185,893
Capital Assets	1,328,746	1,447,212	(118,466)
<b>Total Assets</b>	<b>3,044,320</b>	<b>2,976,893</b>	<b>67,427</b>
<b>Deferred Outflows</b>	<b>58,392</b>	<b>29,285</b>	<b>29,107</b>
Current Liabilities	26,915	21,892	5,023
Non-current Liabilities	335,969	378,215	(42,246)
Total Liabilities	362,884	400,107	(37,223)
<b>Deferred Inflows</b>	<b>564,156</b>	<b>538,338</b>	<b>25,818</b>
Net Invested in Capital Assets	1,328,746	1,447,212	(118,466)
Unrestricted	846,926	620,521	226,405
<b>Total Net Position</b>	<b>\$ 2,175,672</b>	<b>\$ 2,067,733</b>	<b>\$ 107,939</b>

Net position increased by \$107,939 or 5% because of this year's operations, which indicates that the overall financial position remained relatively stable during the year. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net position represents the accumulated results of all past years' operations. Current assets, primarily cash and investments increased due to normal revenue generated in operations. Net capital assets decreased due to the excess of depreciation over purchases during the year.

Our analysis below focuses on the operations of the governmental-type activities:

	<b>Condensed Statement of Activities</b>		Increase
	2017	2016	(Decrease)
<b>Program Expenses:</b>			
Current	309,643	456,341	(146,698)
Depreciation - unallocated	148,069	152,738	(4,669)
<b>Total program expenses</b>	<b>457,712</b>	<b>609,079</b>	<b>(151,367)</b>
Program revenues	10,965	10,193	772
General revenues	554,686	657,131	(102,445)
<b>Change in Net Position</b>	<b>107,939</b>	<b>58,245</b>	<b>49,694</b>
<b>Net Position:</b>			
Beginning of the year	2,067,733	2,009,488	58,245
End of the year	<b>\$ 2,175,672</b>	<b>\$ 2,067,733</b>	<b>\$ 107,939</b>

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2017*

Total revenues generated by governmental activities for the year were \$565,651 - most in general revenues. The total cost of all public safety services provided was \$457,712 – an decrease of 25%.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The District uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The General Fund reported an ending fund balance of \$1,156,806, of which all is considered unassigned and available to spend. This amount represents 205% of general fund revenues. The General Fund revenues were primarily ad valorem taxes levied for maintenance and operations for fire protection in the District. These revenues were reduced by current expenditures for fire protection of \$371,062 and capital outlay of \$29,604 for station equipment or improvement, truck inventory, and other necessary equipment.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There were amendments necessary to the original budget for the General Fund during the year. The most significant amendments were to:

- Decrease Ad Valorem Tax revenue by \$30,000 for less than expected ad valorem taxes collected.
- Increase personal services by over \$20,000.
- Decrease other services and charges including telephone costs, advertising, dues, and travel by over \$24,000.
- Decrease supplies and materials by over \$25,000.
- And a decrease for capital purchases by \$18,000.

Total revenue and expenditure variances were favorable on the budget comparison schedules presented and are considered in compliance with the State Budget Law. More information on the current year budget can be found in the General Fund Budgetary Comparison Schedule.

**Terrebonne Parish Fire District No. 9**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2017*

**CAPITAL ASSETS**

A summary of capital assets and accumulated depreciation for governmental activities for the current and prior year is as follows:

	2016	2017
Land	\$ 51,000	\$ 51,000
Buildings & Improvements	735,230	750,929
Machinery & Equipment	2,424,304	2,438,210
Total Cost	3,210,534	3,240,139
Accumulated Depreciation	1,763,322	1,911,391
Net Capital Assets	<u>\$ 1,447,212</u>	<u>\$ 1,328,748</u>
Depreciation Expense	<u>\$ 152,738</u>	<u>\$ 148,069</u>

More detailed information about the capital assets is presented in Note 5 to the basic financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Highlights of the 2018 adopted budget for the general fund include:

Beginning Fund Balance	\$ 1,082,935
Projected Revenue	601,800
Projected Expenditures	<u>(1,006,650)</u>
Ending Fund Balance	<u>\$ 678,085</u>

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Terrebonne Parish Fire District No. 9 finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Board of Directors  
2820 Savanne Road,  
Houma, LA 70360

***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,  
Of the Terrebonne Parish Fire District No. 9  
Houma, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Terrebonne Parish Fire District No. 9, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2017, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic 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 Statements*, 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 basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting 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.

To the Board of Commissioners,  
Of the Terrebonne Parish Fire District No. 9,  
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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 evaluation 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 financial position of the governmental activities and each major fund as of December 31, 2017 and the respective changes in financial position for the year then ended in conformity 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 that Management's Discussion and Analysis and the Required Supplementary 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Board of Commissioners,  
Of the Terrebonne Parish Fire District No. 9,  
Page 3

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 14, 2018, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
April 14, 2018



# TERREBONNE PARISH FIRE DISTRICT NO. 9

## Statement of Net Position

December 31, 2017

### ASSETS

Cash	\$ 61,765
Investments	1,094,040
Receivables:	
Taxes	341,906
Other	1,000
Due from other governments	216,863
Capital Assets, net of accumulated depreciation	1,328,746
<b>TOTAL ASSETS</b>	<b><u>3,044,320</u></b>

### DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability	58,392
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### LIABILITIES, DEFERRED INFLOWS AND NET POSITION

#### **Liabilities:**

Accounts Payable and accrued expenditures	-
Unearned Revenue-Ad Valorem Taxes	26,915
Non-current liabilities:	
Net Pension liability	240,703
Other postemployment benefit liability	95,266
<b>Total liabilities</b>	<b><u>362,884</u></b>

#### **Deferred Inflows of Resources-**

Related to net pension liability	32,303
Property taxes - subsequent year	531,853
	<u>564,156</u>

#### **Net Position:**

Net Invested in capital assets	1,328,746
Unrestricted	846,926
<b>Total net position</b>	<b><u>\$ 2,175,672</u></b>

See notes to financial statements.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

Statement of Activities - Governmental Activities  
For the Year Ended December 31, 2017

	<u>Program Revenue</u>			
<b>FUNCTIONS/PROGRAMS</b>	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating Grants</u>	<u>Net Revenue (Expense)</u>
Public safety activities	\$ 457,712	\$ -	\$ 10,965	\$ (446,747)
Total governmental activities	<u>\$ 457,712</u>	<u>\$ -</u>	<u>\$ 10,965</u>	<u>(446,747)</u>
<b>GENERAL REVENUES</b>				
				531,927
Ad valorem taxes				10,637
State revenue sharing				11,447
Interest earned				675
Miscellaneous				<u>554,686</u>
			<i>Total General Revenues</i>	
				107,939
				<b>Change in Net Position</b>
				<b>NET POSITION:</b>
				2,067,733
				<u>\$ 2,175,672</u>

See notes to financial statements.

## TERREBONNE PARISH FIRE DISTRICT NO. 9

Balance Sheet - Governmental Fund - General Fund  
December 31, 2017

### ASSETS

Cash	\$ 61,765
Investments	1,094,040
Receivables:	
Taxes	341,906
Other	1,000
Due from other governmental units	216,863
<b>TOTAL ASSETS</b>	<b><u>\$ 1,715,574</u></b>

### LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

#### *Liabilities -*

Accounts Payable and accrued expenditures	\$ -
Unearned Revenue-Ad Valorem Taxes	26,915
	<u>26,915</u>

#### *Deferred Inflows of Resources -*

Property taxes - subsequent period	531,853
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#### *Fund balance -*

Unassigned	1,156,806
<i>Total fund balance</i>	<u>1,156,806</u>

### RECONCILIATION TO THE STATEMENT OF NET POSITION:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Add - Capital Assets	3,240,138	
Deduct - Accumulated Depreciation	<u>(1,911,392)</u>	1,328,746

Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds

58,392

Long-term liabilities are not due and payable in the current period and therefore are not reported in the government fund.

Deduct - Other Post Employment Benefit	(95,266)	
Deduct - Net Pension liability	<u>(240,703)</u>	(335,969)

Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds

(32,303)

Net assets of governmental activities	<u><u>\$ 2,175,672</u></u>
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See notes to financial statements.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund - General Fund  
For the Year Ended December 31, 2017

**REVENUES**

Ad Valorem Taxes	\$ 531,927
Intergovernmental:	
State of Louisiana	
State Revenue Sharing	10,637
Fire Insurance Tax	10,965
Interest	11,447
Miscellaneous	675
<b>TOTAL REVENUES</b>	<u>565,651</u>

**EXPENDITURES**

Public safety - current:	
Personal Services	222,116
Supplies and Materials	40,978
Other Services and Charges	73,919
Repairs and Maintenance	34,049
Total public safety - current	<u>371,062</u>
Capital expenditures	<u>29,604</u>
<b>TOTAL EXPENDITURES</b>	<u>400,666</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>164,985</u>
<b>FUND BALANCE</b>	
Beginning of year	<u>991,821</u>
End of year	<u>\$1,156,806</u>

See notes to financial statements.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balances - Governmental Fund to the Statement of Activities  
 For the Year Ended December 31, 2017

<b>Net change in fund balances - governmental fund</b>		<b>\$ 164,985</b>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Add - Capital outlay	29,604	
Deduct - Depreciation expense	<u>(148,069)</u>	(118,465)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund.</p>		
Add - Decrease in Pension Liability	55,122	
Change in Deferred Outflows and Inflows	19,172	
Deduct - Increase in OPEB Liability	<u>(12,875)</u>	61,419
Change in net assets - governmental activities		<u><u>\$ 107,939</u></u>

See notes to financial statements.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

The Terrebonne Parish Fire Protection District No. 9 (the District) has been organized under the provisions of the Louisiana Revised Statute 40:1492, Parish Ordinance #1561 and #5732 adopted February 5, 1997. The District provides fire protection and disaster assistance for the residents and businesses encompassing Fire District No. 9 of the Parish of Terrebonne. The District is established with a District Fire Chief and six (6) Board Members – all appointed by the Parish Council.

### **Note 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements 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.

#### **A.      Reporting Entity**

As the governing authority, the Terrebonne Parish Consolidated Government is the financial reporting entity for Terrebonne Parish. Because the Terrebonne Parish Consolidated Government could by definition in statute be financially burdened by the Terrebonne Parish Fire District No. 9, the District was determined to be a component unit of the Terrebonne Parish Consolidated Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or any other governmental reporting entity.

The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Terrebonne Parish Consolidated Government for the year ending December 31, 2017.

#### **B.      Basis of Presentation**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are as follows:

# **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

## **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

### **B.      Basis of Presentation (continued)**

#### **Governmental-wide Financial Statements (GWFS):**

GWFS include the Statement of Net Position and the Statement of Activities for all activities of the District. The GWFS presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

#### **Fund Financial Statements (FFS)**

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The governmental fund of the District is the General Fund. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds. The General Fund is *always* a major fund.

### **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.

#### **Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

# **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

## **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

### **C.      Measurement Focus / Basis of Accounting (continued)**

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

**Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

#### ***Fund Financial Statements (FFS)***

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

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The District considers all revenues available if they are collected within 60 days after the fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### **C.      Measurement Focus / Basis of Accounting (continued)**

**Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2016 property taxes which were levied to finance the 2017 budget are recognized as revenue in 2017. The 2017 tax levy is recorded as unavailable revenue in fund financial statements and as deferred inflow of resources in government-wide financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

**Expenditures** – The major expenditures include personal services, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

#### **D.      Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **D.      Operating Budgets**

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget during the year as required. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### **F.      Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net position to compute share prices if certain conditions are met.

#### **G.      Receivables**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

#### **H.      Prepaid Insurance**

The District has recorded prepaid insurance in the General Fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### **I.      Deferred Outflows and Inflows of Resources**

The District reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its Statement of Net Position. The District reports deferred outflows of resources and deferred inflows of resources related to its net pension liability. These amounts are being amortized over a period of five years.

# TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

Notes to the Financial Statements  
For the Year Ended December 31, 2017

## Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

### J. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired with an original cost of \$500 or more are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>CATEGORY</u>	<u>LIFE</u>
BUILDINGS AND IMPROVEMENTS	10-40 YEARS
MACHINERY & EQUIPMENT	5-20 YEARS

In the fund financial statements, capital assets purchased in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### K. Vacation and Sick Leave

Full time employees are entitled to eighteen days of vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working). If not taken by their anniversary date, the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum period of thirty days. There is no material accumulated vacation at year end.

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave.

# **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

## **Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

### **K. Vacation and Sick Leave (continued)**

A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave at year end.

### **L. Fund Equity**

For government-wide financial statements net assets are classified and displayed in three components:

- Net invested 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, if any.
- Restricted net assets – Consists of assets and deferred outflows of resources less liabilities and deferred inflow of resources with constraints placed on the 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.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

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.

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned.

- Non-spendable fund balance cannot be spent because of its form.
- Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Committed fund balance is a limitation imposed by the Board through approval in minutes.
- Assigned fund balances is a limitation imposed by a designee of the Board.
- Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

**TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**L. Fund Equity (continued)**

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

**Note 2 DEPOSITS AND INVESTMENTS**

Deposit balances at year end are as follows:

	<b>Per Bank</b>	<b>Reported</b>
Cash	\$79,067	\$61,765

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Terrebonne Parish Fire District No. 9. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end none of the bank balance was exposed to custodial credit risk.

Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

# TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

Notes to the Financial Statements  
For the Year Ended December 31, 2017

## Note 2 DEPOSITS AND INVESTMENTS (Continued)

### Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Louisiana Asset Management Pool (LAMP)	\$1,094,040	\$1,094,040	Less than one year

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Interest rate risk inherent in the portfolio is measured by monitoring the segmented time distribution of the investments in the portfolio. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission. LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds.

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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days.

## TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### **Note 2**                      **DEPOSITS AND INVESTMENTS (Continued)**

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP has a Standard & Poor's Rating of AAAM.

### **Note 3**                      **AD VALOREM TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016.

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2016 on which the 2017 assessment was \$15.00 per \$1,000 of assessed valuation on property within Terrebonne Parish Fire District No. 9 for constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes.

### **Note 4**                      **DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units consisted of the following:

<b>Governmental Agency:</b>	<b>For:</b>	<b>Amount</b>
Lafourche Parish Tax Collector	December tax collections	216,863
		<hr/> \$216,863

**TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

**Note 5 CAPITAL ASSETS**

Information about capital assets and depreciation for the year are summarized as follows:

	Beginning Balance	Additions	Deletions & Adjustments	Ending Balance
<b>NON-DEPRECIABLE ASSETS:</b>				
Land	\$51,000			\$51,000
<b>DEPRECIABLE ASSETS:</b>				
Buildings & Improvements	735,229	\$15,700		\$750,929
Machinery & Equipment, Furniture & Vehicles	2,424,304	13,904		2,438,210
Total Cost of depreciable assets	3,159,534	29,604		3,189,138
Total Cost of Assets	3,210,534			3,240,138
<b>ACCUMULATED DEPRECIATION:</b>				
Buildings & Improvements	328,597	25,306		353,903
Machinery & Equipment, Furniture & Vehicles	1,434,725	122,763		1,557,489
Total accumulated depreciation	1,763,322	148,069		1,911,391
Net depreciable assets	\$1,396,212			\$1,277,746
Total capital assets, net	\$1,447,212			\$1,328,746

Depreciation Expense of \$148,069 was recorded in the governmental activities.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### **Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS**

#### **Plan Description**

The Parish administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums of eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees. District employees retiring with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25% plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 21, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The District does not issue a publicly available financial report on the Plan.

#### **Funding Policy**

The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2017 the District did not pay any premiums for the retirees.

#### **Annual OPEB Cost and Net OPEB Obligation**

The District recognizes a net other postemployment benefit (OPEB) obligation for covered postemployment healthcare benefits in accordance with the provisions of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45).

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table on the following page shows the components of District's annual OPEB cost for the year, the premiums actually paid and the net OPEB obligation.

**TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

**Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS (Continued)**

Normal cost	\$ 4,976
Minimum Amortization of Unfunded	7,522
Interest Adjustment to Year-end	<u>437</u>
Annual Required Contribution	\$ 12,935
ARC adjustment	(2,944)
Interest Adjustment to net OPEB Obligation	<u>2,884</u>
Annual OPEB Cost	12,875
Contributions Made	<u>-</u>
Increase in Net OPEB Obligation	12,875
Net OPEB Obligation - beginning of year	<u>82,390</u>
Net OPEB Obligation - end of year	<u><b>\$ 95,266</b></u>

The District's annual OPEB cost, the percentage of annual OPEB premiums paid, and the net OPEB obligations is as follows:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
12/13/2015	\$7,726	0.0%	\$69,505
12/31/2016	\$12,885	0.0%	\$82,390
12/31/2017	\$12,875	0.0%	\$95,266

## TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS (Continued)

#### Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
1/1/2012	-	\$147,151	\$147,151	0%	\$86,824	169.5%
1/1/2014	-	\$128,965	\$128,965	0%	\$92,482	139.4%
1/1/2016	-	\$210,540	\$210,540	0%	\$100,621	209.2%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities and benefits.

#### Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided that at the time of each valuation and on the historical pattern of sharing benefit cost between the employer and eligible employees and retirees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Significant methods and assumptions were as follows:

- Actuarial valuation date 1/1/2017 – as of this date there are no assets, hence no need for an actuarial value of assets.
- Actuarial cost method used is the entry-age normal method.
- The actuarial method is level percent of pay.
- The amortization period is 30 years.
- Discount rate – 3.5%
- Salary Increase – 3.0%

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### **Note 6 POST EMPLOYMENT HEALTHCARE BENEFITS (Continued)**

- Mortality Rates – Post-Retirement uses the RP-2014 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2016.
- Retirement Rates were based on the pension retirement system valuations, adjusted to recent Parish experience.
- Employee turnover rates are based on the pension retirement system valuations, adjusted to recent Parish experience.

### **Note 7 FIREFIGHTERS RETIREMENT SYSTEM**

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

*PLAN DESCRIPTION* – The District contributes to the Firefighters' Retirement System of Louisiana (FRS), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana R.S. 11:2251 – 11:2269, specifically, and other general laws of the State.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Dr., Suite 210, Baton Rouge, LA 70808-4136 or at their website <http://www.lafirefightersret.com>.

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

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### **NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

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

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

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

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

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

**DEFERRED RETIREMENT OPTION PLAN (DROP)** – After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

## **TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

### **NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

Upon commencement of participation in the DROP employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the DROP plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the DROP account until the participant retires.

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

EMPLOYER CONTRIBUTIONS – Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 29.25% and 10.0% respectively. The employer and employee contribution rates for those members below the poverty line were 31.25% and 8.0%, respectively.

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2017 and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2017 was \$25,310,647 and for the District were \$24,815.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2017, the District reported liabilities in the GWFS of \$240,703 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportional share of the System was .041994% which was a decrease of .00323% from its proportion measured as of June 30, 2016.

**TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

**NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

For the year ended December 31, 2017 the District recognized a pension expense of \$33,098 in its governmental activities related to its participation in the System.

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

FFRS	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$20,707	\$(13,423)
Changes in assumption	10,068	(57)
Changes in proportion	2,069	(18,679)
Differences between employer contributions and proportionate share of contributions	25,548	(144)
Totals	\$58,392	\$(32,303)

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

Year ended December 31:	
2018	\$5,767
2019	9,913
2020	725
2021	(15,720)
	\$685

**ACTUARIAL ASSUMPTIONS** - The total pension liabilities in the June 30, 2017, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

**TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

**NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal
<b>Actuarial cost assumptions:</b>	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.4% per annum
Inflation rate	2.775% per annum
Salary increases	Vary from 15% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned creditability weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities.

Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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

**TERREBONNE PARISH FIRE PROTECTION DISTRICT NO. 9**

Notes to the Financial Statements  
For the Year Ended December 31, 2017

**NOTE 7      FIREFIGHTERS RETIREMENT SYSTEM (continued)**

SENSITIVITY OF THE CHANGES IN DISCOUNT RATE - The following presents the net pension liabilities of the participating employers calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	<u>1% Decrease 6.40%</u>	<u>Current Discount Rate 7.40%</u>	<u>1% Increase 8.40%</u>
Net Pension Liability	\$345,881	\$ 240,703	\$ 152,286

**Note 8      RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group health. No settlements were made during the year that exceeded the District's insurance coverage. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee.

**Note 9      COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members:

Michael Armit, Sr.	\$ 330
Terry Breaux	330
Charles Dusenberry	360
Lynn Giroir	360
Riley Gros	360
Total	<u>\$ 1,740</u>

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

Budget Comparison Schedule - General Fund  
For the Year Ended December 31, 2017

	Budgets		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 535,000	\$ 505,000	\$ 531,927	\$ 26,927
Intergovernmental:				
State of Louisiana:				
State Revenue Sharing	10,600	10,637	10,637	-
Fire Insurance Tax	10,200	10,965	10,965	-
Interest	4,500	11,300	11,447	147
Miscellaneous	1,000	674	675	1
<b>TOTAL REVENUES</b>	<u>561,300</u>	<u>538,576</u>	<u>565,651</u>	<u>27,075</u>
<b>EXPENDITURES</b>				
Public safety - current:				
Personal Services	208,300	228,690	222,116	6,574
Supplies and Materials	72,000	46,529	40,978	5,551
Other Services and Charges	105,900	81,310	73,919	7,391
Repairs and Maintenance	38,500	31,500	34,049	(2,549)
Total public safety - current	<u>424,700</u>	<u>388,029</u>	<u>371,062</u>	<u>16,967</u>
Capital expenditures	<u>58,000</u>	<u>40,000</u>	<u>29,604</u>	<u>10,396</u>
<b>TOTAL EXPENDITURES</b>	<u>482,700</u>	<u>428,029</u>	<u>400,666</u>	<u>27,363</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>78,600</u>	<u>110,547</u>	<u>164,985</u>	<u>54,438</u>
<b>FUND BALANCES</b>				
Beginning of year	<u>965,091</u>	<u>991,820</u>	<u>991,821</u>	<u>1</u>
End of year	<u>\$1,043,691</u>	<u>\$1,102,367</u>	<u>\$1,156,806</u>	<u>\$54,439</u>

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

Schedule of Employer's Share of Net Pension Liability

December 31, 2017

<b>**Year Ended June 30</b>	<b>Employer Proportion of the Net Pension Liability (Asset)</b>	<b>Employer Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Employer's Covered Employee Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2017	0.041994%	\$ 240,703	\$ 91,600	263%	73.50%
2016	0.045227%	\$ 295,825	\$ 100,654	294%	68.20%
2015	0.046353%	\$ 250,172	\$ 135,685	184%	72.45%

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

\*\* The amounts presented have a measurement date of June 30th

**Notes to Retirement System Schedules:**

**Changes of Benefit Terms.** There were no changes of benefit terms for the year ended June 30, 2017.

**Changes of Assumptions.** There were no changes of benefit assumptions for the year ended June 30, 2017.

**TERREBONNE PARISH FIRE DISTRICT NO. 9**

Schedule of Employer Contributions  
December 31, 2017

<b>**Year Ended June 30</b>	<b>Statutorily Required Contribution</b>	<b>Contributions in Relation to Statutorily Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Agency's covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
2017	\$ 25,548	\$ 25,548	\$ -	\$ 91,600	27.89%
2016	\$ 25,692	\$ 25,692	\$ -	\$ 123,028	20.88%
2015	\$ 27,893	\$ 27,893	\$ -	\$ 100,654	27.71%

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

\*\* The amounts presented have a measurement date of June 30th

**Notes to Retirement System Schedules:**

**Changes of Benefit Terms.** There were no changes of benefit terms for the year ended June 30, 2017.

**Changes of Assumptions.** There were no changes of benefit assumptions for the year ended June 30, 2017.

***OTHER INFORMATION***

**TERREBONNE PARISH FIRE DISTRICT NO. 9**  
 Schedule of Compensation, Benefits and Other Payments to Agency Head  
 For the Year Ended December 31, 2017

**Agency Head Name: Anthony Bercegeay, District Fire Chief**

<b>Purpose</b>	<b>Amount</b>
Salary	\$5,503
Benefits-insurance	\$0
Benefits-retirement	\$0
Deferred compensation (contributions made by the agency)	\$0
Benefits-other (describe)	\$0
Car allowance	\$0
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$0
Cell phone	\$0
Dues	\$0
Vehicle rental	\$0
Per diem	\$0
Reimbursements	\$0
Travel	\$0
Registration fees	\$0
Conference travel	\$0
Housing	\$0
Unvouchered expenses (expample: travel advances, etc.)	\$0
Special meals	\$0
Other (including payments made by other parties on behalf of the agency head)	\$0

*This form is used to satisfy the supplemental reporting requirement of R.S. 24:513(A)(3)*

***REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Board of Commissioners,  
Of the Terrebonne Parish Fire District No. 9  
Houma, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Terrebonne Parish Fire District No. 9, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated April 14, 2018.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Commissioners  
Terrebonne Parish Fire District No. 9  
Page 2

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

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

*Stagni & Company*

April 14, 2018  
Thibodaux, Louisiana



**Terrebonne Parish Fire District No. 9**  
**SCHEDULE OF CURRENT YEAR FINDINGS**  
**For the Year Ended December 31, 2017**

***Section I - Summary of Auditor's Reports***

- The auditor's report expresses an unmodified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- There was no management letter issued in connection with this audit.
- The District neither received nor expended any federal awards during the year.

***Section II - Financial Statement Findings***

- There were no financial statement findings during the audit of the basic financial statements.

***Section III - Federal Award Findings and Questioned Costs***

- There were no federal award findings during the audit of the basic financial statements.





# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## AGREED-UPON PROCEDURES REPORT TERREBONNE PARISH FIRE DISTRICT NO. 9

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2017 – December 31, 2017**

To the Board Members of the  
Terrebonne Parish Fire District No. 9 and  
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Terrebonne Parish Fire District No. 9 (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Results:** The policies of the District address all of the applicable functions listed, with the following exceptions.

The policy for 1(f) contracting does not specifically address 1) legal review.

**Management's Response:** Contracting Policy - 1(f) – Management will consider revising this policy to address legal review if necessary.

***Board (or Finance Committee, if applicable)***

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.



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

**Results:** The District Board met monthly. The minutes do reference budget-to-actual comparisons on the General Fund or other major funds. The minutes reference approvals of bids, contracts and material purchases.

### ***Bank Reconciliations***

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

**Results:** We obtained a listing of bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched items that have been outstanding for more than 6 months reconciling as of the end of the fiscal period.

**Results:** We selected all (1) bank account and obtained bank statements and reconciliations. All bank reconciliations and statements provided for each month provided evidence that a Board member reviewed each reconciliation. There were no outstanding items more than 6 months on the bank reconciliations.

### ***Collections***

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

**Results:** We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). **For each cash collection location selected:**
  - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction,



or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Results:** There was one (1) collection location for testing. Each person responsible for collecting cash is bonded. Duties were segregated per the policy. The person responsible for collecting cash was not responsible for reconciling cash collections to the general ledger. The District has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. All deposits tested were deposited the same or next day. All of the deposits tested had supporting documentation.

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

**Results:** The District does not have a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.

**Management's Response:** Collections are nearly 100% direct deposit through parish, state and interest revenue, this has not been addressed in the past. Management will consider revising this policy to address completeness of collections if considered necessary.



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

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

**Results:** We obtained from management a disbursement listing and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

**Results:** We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a) and 9(b) were not applicable. For step 9(c), 12 out of the 25 disbursements tested did not have written approval for disbursement.

**Management's Response:** This issue has already been addressed. The Board as informed of the new Statewide Agreed Upon Procedures in July of 2017 formulated and began following new written policies and procedures and accordingly all invoices after July 2017 are approved for disbursement with a signature from management.

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

**Results:** The person responsible for processing payments is prohibited from adding vendors to the District's disbursement system. Vendors are added by the District Fire Chief and approved by the Board of Directors. Processing is done by the Secretary/Treasurer.

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



**Results:** The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

**Results:** No exceptions were identified as a result of these procedures.

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

**Results:** No exceptions were identified as a result of these procedures.

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

---

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

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**Results:** The monthly statements or combined statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder. No finance charges or late fees were assessed on the selected statements.



16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
    - An original itemized receipt (i.e., identifies precisely what was purchased).
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
  - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/ disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
  - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Results:** Procedure 16(a) –For the two credit cards selected for testing, both were supported by itemized receipts and documentation of the business/public purpose of each individual charge.

Procedures 16(b) and 16(c) - No exceptions were identified as a result of these procedures.

### ***Travel and Expense Reimbursement***

---

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

**Results:** The District had no travel or expense reimbursements for the year, therefore this procedure is not applicable. We obtained management's representation that there were none.

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

**Results:** This procedure is not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting



documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
  - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** This procedure is not applicable.

### ***Contracts***

---

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

**Results:** The Assistant Chief indicated that there are no written contracts in effect during the fiscal period. We obtained management's representation that there are no contracts.

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:



- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
  - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
  - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

**Results:** This procedure is not applicable.

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

---

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
  - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Results:** We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the five employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. No changes were made during the fiscal period for the five employees selected.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
  - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.



**Results:** No issues were noted.

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

**Results:** The District had no terminated employees, therefore this procedure is not applicable. We obtained management's representation that there were none.

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

**Results:** We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. The employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

#### ***Ethics (excluding nonprofits)***

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

**Results:** 4 of the 5 employees selected, had documentation to demonstrate that required ethics training was completed. One employee tested did not complete the necessary ethics training course.

**Management's response:** The Board's policy requires Ethics training annually and that all District Board members and their employees are required to abide by the Ethics Laws. The employee who did not have the required documentation was part-time and received one small check and that was for relief duty when another was on vacation.

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

**Results:** We inquired of management whether any alleged ethics violations were reported during the fiscal period. Management has received no such allegations.



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

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

**Results:** The District did not issue any new debt during the fiscal period, therefore this procedure is not applicable.

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

**Results:** The District has no outstanding debt, therefore this procedure is not applicable.

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

**Results:** The District has no outstanding debt, therefore this procedure is not applicable.

***Other***

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

**Results:** We inquired of management whether the District had any misappropriations of public funds or assets. Management reported there have not been any misappropriations of public funds or assets.

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

**Results:** The District does not have a website. We observed that the District has posted on its premises the notice required by R.S. 24:523.1.

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

**Results:** No exceptions were identified as a result of these procedures.

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



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

*Stagni & Company*

Thibodaux, LA  
June 1, 2018



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STAGNI & COMPANY, LLC

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