

**FIRE PROTECTION DISTRICT NO. 3  
OF LAFOURCHE PARISH  
Galliano, Louisiana  
June 30, 2017**

**Audit of Financial Statements**

**June 30, 2017**

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Board of Commissioners  
**Fire Protection District No. 3**  
**of Lafourche Parish**

INDEPENDENT AUDITOR'S REPORT

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and the major fund of **Fire Protection District No. 3 of Lafourche Parish**, component unit of the Lafourche Parish Council, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of **Fire Protection District No. 3 of Lafourche Parish** as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITOR'S REPORT

(Continued)

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, budgetary comparison information and schedules for employer's share of net pension liability and employer pension contributions and note to retirement system schedules on pages 35 through 38, 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Fire Protection District No. 3 of Lafourche Parish's** basic financial statements. The accompanying supplementary information such as the Board Members Per Diem and Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Board Members Per Diem and Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Board Members Per Diem and Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer 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*, I have also issued my report dated October 10, 2018 on my consideration of **Fire Protection District No. 3 of Lafourche Parish** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fire Protection District No.3 of Lafourche Parish 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 **Fire Protection District No.3 of Lafourche Parish** internal control over financial reporting and compliance.



Aldon G. Wahl, Jr.  
Certified Public Accountant

October 10, 2018

## MANAGEMENT DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Fire Protection No. 3 of Lafourche Parish financial performance presents a narrative overview and analysis of the financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Fire District's financial statements.

### Financial Highlights

- Cash and cash equivalents decreased by \$2,715,460 to \$8,163,632 at June 30, 2017 from June 30, 2016 amount of \$10,879,092 – a decrease of 24.96 %.
- Total assets decreased by \$2,058,995 to \$16,272,623 at June 30, 2017 from the June 30, 2016 amount of \$18,331,618 – a decrease of 11.23%.
- Total net position decreased \$2,429,529 to \$15,252,781 at June 30, 2017 from the June 30, 2016 amount of \$17,682,310 – a decrease of 13.74%.
- Total liabilities increased \$1,766,774 to \$3,781,196 at June 30, 2017 from the June 30, 2016 amount of \$2,014,422– an increase of 87.71%.
- Tax revenues decreased \$282,165 to \$5,082,087 for the year ended June 30, 2017 from the June 30, 2016 amount of \$5,364,252 – a decrease of 5.26%.
- Total revenues decreased \$281,511 to \$5,487,251 for the year ended June 30, 2017 from the June 30, 2016 amount of \$5,768,762 – a decrease of 4.88%.
- Total expenses increased \$2,775,427 to \$7,916,780 for the year ended June 30, 2017 from the June 30, 2016 amount of \$5,141,353 – an increase of 53.98%.

### Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Fire District's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

The government-wide financial statements present financial information for all activities of the Fire District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government and debt service, separately from business-type activities. The Fire District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Position and the Statement of Activities. They provide information about the activities of the Fire District as a whole and present a longer-term view of the Fire District's finances.

The Fire District has one governmental type fund – a General Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance. These statements report how the Fire District's fire protection services were financed in the short term as well as what remains for future 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 Fire District's general 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 the Fire District's programs. Fund financial statements also report the Fire District's operations in more detail than the government wide statements by providing information about the Fire District's major fund. I describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund in a reconciliation at the bottom of the fund financial statements.

*Financial Analysis of the Fire District*

The following is a summary of the net position at June 30, 2017 and 2016.

	June 30, 2017	June 30, 2016	Change Inc (Dec)
Current Assets	\$8,303,670	\$11,166,793	(\$2,863,123)
Capital Assets, net	7,968,953	7,164,825	\$804,128
<b>Total Assets</b>	<b>16,272,623</b>	<b>18,331,618</b>	<b>(\$2,058,995)</b>
Deferred Outflows of Resources	2,958,080	1,428,078	\$1,530,002
Current Liabilities	268,570	434,879	(\$166,309)
Long Term Liabilities	3,512,626	1,579,543	\$1,933,083
<b>Total Liabilities</b>	<b>3,781,196</b>	<b>2,014,422</b>	<b>\$1,766,774</b>
Deferred Inflows of Resources	196,726	62,964	\$133,762
Net Assets Invested in Capital Assets Reserved for Debt Service	7,968,953	7,164,825	\$804,128
Unrestricted Net Assets	7,283,828	10,517,485	(\$3,233,657)
<b>Total Net Position</b>	<b>15,252,781</b>	<b>17,682,310</b>	<b>(\$2,429,529)</b>

The following is a summary of the statement of activities for 2017 and 2016:

Program Revenues:

Capital Grants and Contributions	-	-	
General Revenues			
Taxes	5,082,087	5,364,252	(282,165)
Investment	12,527	15,241	(2,714)
Intergovernmental Revenues			-
State Revenue Sharing	22,419	21,534	885
Insurance rebate	108,847	100,879	7,968
State supplemental pay	209,399	150,300	59,099
Other	51,972	116,556	(64,584)
<b>Total General Revenues</b>	<b>5,487,251</b>	<b>5,768,762</b>	<b>(281,511)</b>
<b>Total Revenues</b>	<b>5,487,251</b>	<b>5,768,762</b>	<b>(281,511)</b>
<b>Total Expenses</b>	<b>7,916,780</b>	<b>5,141,353</b>	<b>2,775,427</b>
<b>Change in Net Position</b>	<b>\$ (2,429,529)</b>	<b>\$ 627,409</b>	<b>(3,056,938)</b>

The Fire District's net position decreased by \$2,429,529 during the fiscal year ended June 30, 2017 primarily due to revenues decreasing by \$281,511 and expenses increasing by \$2,775,427 due primarily to increases in salaries and benefits, insurance and repairs.

#### Analysis of Individual Funds of the Fire District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Fund and the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund. The total net position and the change in net position as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

#### Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budget is then submitted no later than fifteen days prior to the end of each fiscal year for the succeeding fiscal year for review. The original budget was submitted May 23, 2016 and amended on February 23, 2017. The only significant changes from the original budget to the amended budget was an increase in salary and related benefits.

The Fire District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Fire District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on these estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year.

The Fire District's general fund revenues were less than budgeted amounts by \$93,039, while expenditures were less than budgeted amounts by \$4,770,414. The difference in revenue was primarily due to intergovernmental revenue and tax revenue compared to budgeted amounts. The difference in expenses was due primarily to capital expenditures being less than projected for the year ended June 30, 2017 and salaries and related benefits being more than projected.

#### Economic Factors and Next Year's Budgets

The Fire District does not expect any significant variances for revenue or expenditure accounts between fiscal years ending June 30, 2017 and June 30, 2018 except an expected decrease in a salary and related benefits.

Capital Assets

As of June 30, 2017 the Fire District had \$ 7,968,953 (net of depreciation) invested in a broad range of capital assets including land, buildings, equipment and fire trucks. During the current year the Fire District recorded \$1,576,142 of capital acquisitions. For the year ended June 30, 2017 - \$605,473 was capitalized as Building Cost. Equipment was purchased during the year ended June 30, 2017 with a total cost of \$970,669. Depreciation expense of \$772,014 was recorded. \$497,391 of building cost and \$11,516 of equipment cost were completed and transferred from Construction in Progress.

Operating Performance

	<u>2017</u>	Year Ended <u>June 30,</u>	<u>2016</u>
Incidents Dispatched			
Fire	824		772
Ambulance	3608		3413
Harbor Police	-		-

Breakdown of Fire Incidents Dispatched/Responded

Structure Fire Incidents	32	32
Vehicle Fire Incidents	10	18
Other Fire Incidents	82	115
Rescue/Emergency Medical Incidents	287	196
False Alarm Incidents	131	161
Hazardous Incidents	78	93
All Other Incidents	204	157

Contacting the Fire District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Fire District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions regarding this report, or need additional financial information, contact:

Fire Protection District No. 3 of Lafourche Parish  
P. O. Drawer 910  
Galliano, LA 70354

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF NET POSITION  
FOR YEAR ENDED JUNE 30, 2017**

**ASSETS**

Cash and cash equivalents	\$	8,163,632
Accounts receivable		16,471
Prepaid expenses		123,567
Property and equipment, net		<u>7,968,953</u>
Total assets		<u>16,272,623</u>
Deferred outflows of resources		<u>2,958,080</u>
Total assets and deferred outflows of resources		<u><u>19,230,703</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable		\$268,570
Net pension liability		<u>\$3,512,626</u>
Total liabilities		<u>\$3,781,196</u>
Deferred inflows of resources		<u>196,726</u>
Net position		
Invested in Capital Assets		7,968,953
Unrestricted		<u>7,283,828</u>
Total net position		<u>\$ 15,252,781</u>
Total liabilities, deferred inflows of resources and net position		<u><u>19,230,703</u></u>

See accompanying notes to financial statements

**FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED . June 30, 2017**

<b>Functions/programs</b>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>		<u>Net Revenue and Change in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Public safety				
Fire protection	\$ 7,916,780	\$ -	\$ -	\$ (7,916,780)
Total governmental activities	\$ <u>7,916,780</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(7,916,780)</u>
General revenues:				
Taxes				5,082,087
Intergovernmental revenues:				
State revenue sharing				22,419
Insurance Rebate				108,847
State Supplemental Pay				209,399
Unrestricted investment earnings				12,527
Miscellaneous				<u>51,972</u>
Total general revenues				<u>5,487,251</u>
Change in net position				(2,429,529)
Net position - beginning of the year				<u>17,682,310</u>
Net position - end of the year				\$ <u>15,252,781</u>

See accompanying notes to financial statements

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
BALANCE SHEET – GOVERNMENTAL FUND  
June 30, 2017

GENERAL  
FUND

ASSETS

Cash and cash equivalents	\$ 8,163,632	
Accounts receivable	16,471	
Prepaid expenses	<u>123,567</u>	
Total assets	<u>\$ 8,303,670</u>	

LIABILITIES AND FUND BALANCE

Accounts payable	\$ <u>268,570</u>	
Total liabilities	<u>268,570</u>	
Fund balance		
Nonspendable	123,567	
Restricted		
Committed		
Assigned	4,716,455	
Unassigned	<u>3,195,078</u>	
Total fund balance	<u>8,035,100</u>	<u>8,035,100</u>
Total liabilities and fund balance	<u>\$ 8,303,670</u>	

Amounts reported for governmental activities in the statement of net position are different because:

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The statement of net position reports capital outlays as an asset of the District. These capital assets are depreciated over their estimated useful lives in the statement of activities and are not reported in the governmental funds.

Total cost of capital assets		16,155,011
Accumulated depreciation related to those assets		( 8,186,058)
Net pension liability including deferred outflows and inflows		<u>( 751,272)</u>
Net position of governmental activities		<u>\$15,252,781</u>

See accompanying notes to financial statements

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE  
GOVERNMENTAL FUND  
For the year ended June 30, 2017

	General Fund	
<u>REVENUES</u>		
Ad valorem taxes	\$ 5,082,087	
Intergovernmental	340,665	
Interest income	12,527	
Miscellaneous	<u>51,972</u>	
Total revenues	<u>5,487,251</u>	
<u>EXPENDITURES</u>		
Public safety:		
Current:		
Salaries and related benefits	4,744,554	
Professional Services	7,025	
Collection expense	169,328	
Insurance	965,583	
Dues and subscriptions	2,086	
Repairs and maintenance	206,186	
Supplies	61,216	
Telephone	46,144	
Training	5,579	
Travel and schooling	38,561	
Utilities	72,097	
Uniforms	56,724	
Radio and contracts	65,886	
Equipment – expendables and repair	91,385	
Physicals	5,771	
Fuel	44,066	
Miscellaneous	25,732	
Capital outlay	<u>1,576,142</u>	
Total expenditures	<u>8,184,065</u>	
Excess (deficiency) of revenues over expenditures	(2,696,814)	<u>( 2,696,814)</u>
Fund balances - July 1	<u>10,731,914</u>	
Fund balances - June 30	<u>8,035,100</u>	

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is capitalized in the statement of net position. This is the amount by which capital outlays exceeded depreciation expense during the year. 804,128

Adjusted for net pension expense ( 536,843)

Change in net position of governmental activities (\$2,429,529)

See accompanying notes to financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

Fire Protection District No. 3 of Lafourche Parish was created by the Policy Jury of the Parish of Lafourche on May 13, 1953. The district serves the area of Lafourche Parish three miles north of the Intracoastal Waterway, south to the Jefferson Parish line, west to the Terrebonne Parish line along LA 24 in the community of Grand Bois. The district provides fire protection services.

NOTE A - Summary of Significant Accounting Policies

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34., “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”. The Fire District elected to implement the provisions of this statement for the year ended June 30, 2004. The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
  - Depreciation is recorded on depreciable assets and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-Wide Statements and Fund Financial Statements, as explained in the following note disclosures:

Reporting Entity

Government Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Because the Lafourche Parish Council appoints two of the four appointed members of the district's governing board and they in turn select a chairperson who is ratified by the Council and has the ability to impose its will on the Fire District, the Fire District was determined to be a component unit of Lafourche Parish. The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on Lafourche Parish, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Policies specific to the government-wide financial statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The Fire District has no business-type activities.

Application of FASB Statements and Interpretations

Reporting on governmental-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Building, equipment, furniture and fixtures, and infrastructure are depreciated over their estimated useful lives using the straight line method. Depreciation is not calculated on land, land improvements, or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statement of Net Position.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) capital grants and contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program’s goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment, and include payments from exchange transactions with other governments.

Capital grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for programs operating of capital needs at the recipient government’s discretion.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

The Fire District reports the following major governmental fund:

General Fund

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Fire District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the Fire District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Fire District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Fire District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Revenues – Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. The taxes are generally collected in December, January and February of the fiscal year. Ad valorem taxes (which are based on population and homesteads in the parish) are recorded in the year the taxes are received. If taxes were recorded when assessed the amount recorded would not be materially different from the amount in the financial statements.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. These amounts are eliminated in the government-wide financial statements.

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

Property and Equipment

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$ 500. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Fire Trucks	15
Other Motor Vehicles	5
Equipment	5-20
Furniture, Office Equipment	5
Buildings and Improvements	40

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

Long-Term Obligations

Long-term obligations are reported at face value.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Long Term Debt Account Group.

Budget Practices

The budget practices of the fire district are prescribed by the Louisiana Local Government Budget Act. The act requires the district to have the budget completed and available for public inspection no later than fifteen days prior to the beginning of each fiscal year.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A - Summary of Significant Accounting Policies (continued)

The fire district prepares a budget for its fund. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget was amended during the fiscal year.

Amendments to the budget must be approved by the board.

Appropriations which are not expended lapse at year end.

Encumbrances

Encumbrance accounting is not utilized by the fire district.

Cash And Investments

Cash And Cash Equivalents

Cash and cash equivalents includes demand deposits in banks. It included all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days they are classified as investments. Investments consist primarily of time certificates of deposit. At June 30, 2016 the district had no certificates of deposit.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Louisiana state law requires deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of 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 political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The market value of the demand deposits is equal to their cost.

Compensated Absences

Annual And Sick Leave

Full time employees accumulate annual leave at various rates based on their years of service. Full-time employees accumulate sick leave. The liability for leave privileges at June 30, 2017 is estimated to be \$191,104 which is recorded as a liability in the government-wide financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies (continued)

Compensatory Leave

Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2017 is estimated to be \$40,525 which is recorded as a liability in the government-wide financial statements.

Use of Estimates

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

Prepaid Items

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

Fund Balance Classification Policies and Procedures

GASB 54 requires fund balances to be categorized as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Amounts that are restricted are those in which constraints have been placed on the use of the resource. Committed fund balances are those amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the board of commissioners. Assigned amounts are those that are constrained by management and the governing body, intended for a specific purpose, and not imposed by formal action. Unassigned fund balance is a residual classification for those amounts not restricted, committed, or assigned.

The Fire District has an assigned fund balance of \$4,716,455 for capital projects at June 30, 2017.

The Fire District has a nonspendable fund balance of \$123,567 in prepaid expenses at June 30, 2017.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE A – Summary of significant accounting policies (continued)

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

Deferred Outflows of Resources and Deterred 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 government-wide 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.

Recently Issued Accounting Pronouncements

The District implemented the following GASB Statements in previous years.

The district was subject to GASB Statement No.63 for the year ending June 30, 2015. Statement No.63 changes the statement of financial position term “net assets” to “net position”.

Statement No 68, “*Accounting and Financial Reporting for Pensions.*” The statement improves financial reporting by state and local governmental pension plans and improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement did not affect the District’s financial statements.

Statement No.71, “*Pension Transition for Contributions made Subsequent to the Measurement Date.*” The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. This statement did not affect the District’s financial statements.

Statement No.72,“*Fair Value Measurement and Application.*” This Statement addresses accounting and financial reporting issues related to fair value measurement. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73, “*Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*” The Statement completes the suite of pension standards and establishes requirements for those

## FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

### NOTES TO FINANCIAL STATEMENTS

#### Recently Issued Accounting Pronouncements (continued)

pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). This Statement did not affect the District's financial statements.

Statement No.76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*" The objective of this Statement is to identify the hierarchy of generally accepted accounting principles (GAAP).

Statement No 77, "*Tax Abatement Disclosures*" defines tax abatements as reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. This Statement requires disclosures of the government's own tax abatement agreements and those tax abatement agreements of other governments that reduce the government's revenue. This Statement did not affect the District's financial statements.

Statement No.78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*" amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement did not affect the District's financial statements.

Statement No.79, "*Certain External Investment Pools and Pool Participants*" establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. The provisions in paragraphs 18, 19, 23-26 and 40 are effective for periods beginning after December 15, 2015. This Statement did not affect the District's financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

Recently Issued Accounting Pronouncements (continued)

Statement No.74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans.*" The Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. The statement is effective for periods beginning after June 15, 2016. This Statement did not affect the District's financial statements.

Statement No.80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. This Statement did not affect the District's financial statements.

Statement No.82, "*Pension Issues*" addresses several issues raised with respect to Statements No.67, "*Financial Reporting for Pension Plans,*" No.68, "*Accounting and Financial Reporting for Pensions,*" and No.73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provision of GASB Statements 67 and 68.*" Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. This Statement did not affect the District's financial statements.

The GASB has issued the following Statement which will become effective in future years as shown below:

Statement No.75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions.*" replaces the requirements of GASB Statement No.45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered

## FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

### NOTES TO FINANCIAL STATEMENTS

#### Recently Issued Accounting Pronouncements (continued)

through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No.81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016. Management has not yet determined the effect of this statement on the financial statements.

Statement No.83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No.84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "Omnibus 2017." On March 20, 2017, GASB issued "Omnibus 2017" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "Omnibus 2017" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics.

Statement No. 86, "Certain Debt Extinguishment Issues" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is decreased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on financial statements.

Statement No. 87, "Leases" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

NOTE B – DEPOSITS – (Cash and Certificates of Deposits )

Cash and Cash Equivalents

The carrying amounts of the district's deposits are as follows for the year ended June 30, 2016:

Demand deposits	\$ 8,163,632
Certificates of deposits	
	<u>\$ 8,163,632</u>

Cash and cash equivalents are stated at cost, which approximates market.

Custodial Credit Risk

Under State law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the district in a custodial bank.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At June 30, 2017, the Fire District had no deposits that were required to be reported in any of the three categories listed above.

#### NOTE C – CAPITAL ASSETS

##### PROPERTY, PLANT AND EQUIPMENT

At June 30, 2017, the Fire District reported the following capital assets. A summary of changes in capital assets is as follows:

The following changes occurred in the property and equipment account:

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
NOTES TO FINANCIAL STATEMENTS

NOTE C- CAPITAL ASSETS

PROPERTY, PLANT AND EQUIPMENT (continued)

	Balance June 30 <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30 <u>2017</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 152,019	\$ ---	\$ ---	\$ 152,019
Construction in Progress	<u>508,907</u>	<u>---</u>	<u>508,907</u>	<u>---</u>
	<u>660,926</u>	<u>          </u>	<u>508,907</u>	<u>152,019</u>
<u>Capital Assets, Being Depreciated:</u>				
Buildings and Improvements	\$ 3,963,745	\$1,102,864	\$ ---	\$ 5,066,609
Equipment	<u>9,954,198</u>	<u>982,185</u>	<u>          </u>	<u>10,936,383</u>
Total Capital Assets Being Depreciated	<u>\$13,917,943</u>	<u>\$2,085,049</u>	<u>          </u>	<u>\$16,002,992</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 750,436	\$ 129,043	\$ ---	\$ 879,479
Equipment	<u>6,663,608</u>	<u>642,971</u>	<u>          </u>	<u>7,306,579</u>
Total Accumulated Depreciation	<u>7,414,044</u>	<u>772,014</u>	<u>          </u>	<u>8,186,058</u>
Total Capital Assets Being Depreciated, Net	<u>6,503,899</u>	<u>1,313,035</u>	<u>---</u>	<u>7,816,934</u>
Total Capital Assets, Net	<u>\$ 7,164,825</u>	<u>\$1,313,035</u>	<u>\$ 508,907</u>	<u>\$ 7,968,953</u>

Depreciation expense for the year ended June 30, 2017 was \$ 772,014.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE D – COOPERATIVE ENDEAVOR AGREEMENTS

During the year the Fire District was party to a Cooperative Endeavor agreement with Ambulance Service District No. 1 of Lafourche Parish to provide communication services, including dispatching of calls, on a twenty-four hour a day basis, seven days a week for the Ambulance District at a fee of \$3,817 per month for the first eight months of the year and then \$4,007 for the last four months of the year.

NOTE E – POST EMPLOYMENT BENEFITS

The Fire District has no Post Employment Benefits.

NOTE F – PER DIEM PAID BOARD MEMBERS

Per diem payments are presented on Schedule IV. The per diem payments are authorized by Louisiana Revised Statute 40:1498A.

NOTE G - PENSION PLAN

During the year ended June 30, 2002 the district established a plan under Section 408(p) of the Internal Revenue Code. Employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year or who received at least \$5,000 in the previous calendar year are eligible to participate in the plan. Employees are 100% vested at the time of the contribution. The plan does not issue a stand-alone report.

SPECIFIC PROVISIONS

1. Employees are allowed to contribute an amount up to the lesser of \$12,500 (\$15,500 if age 50 or older) or the employee's gross earnings.
2. The employer's matching contribution rate was three (3) percent of gross wages of participating employees.
3. (a) Matching contributions:
  - (i) For each calendar year, the Employer will contribute a matching contribution to each eligible employee's account equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the calendar year.
  - (ii) The employer may reduce the 3% limit for the calendar year in (i) only if:
    - (1) The limit is not reduced below 1%;
    - (2) The limit is not reduced for more than 2 calendar years during the 5-year period ending with the calendar year the reduction is effective; and
    - (3) Each employee is notified of the reduced limit within a reasonable period of time before the employees' 60-day election period for the calendar year.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE G - PENSION PLAN(continued)

SPECIFIC PROVISIONS

(b) Nonelective Contributions:

(i) For any calendar year, instead of making matching contributions, the Employer may make nonelective contributions equal to 2% of compensation for the calendar year to the account of each eligible employee who has a least \$ 5,000 in compensation for the calendar year. No more than \$270,000 in compensation can be taken into account in determining the nonelective contribution for each eligible employee.

(ii) For any calendar year, the Employer may make 2% nonelective contributions instead of matching contributions only if:

(1) Each eligible employee is notified that a 2% nonelective contribution will be made instead of a matching contribution and

(2) This notification is provided within a reasonable period of time before the employees' 60-day election period for the calendar year.

4. Other than its contribution made to the participants' accounts and recorded as expenditures, the district does not guarantee benefits under the plan.

5. All amounts are maintained in each individual's account administered by a brokerage firm.

6. Other regulations governing options such as premature withdrawals and contribution rates, etc. are specified in the original contract.

The total payroll for the year ended June 30, 2017 was \$3,709,352 of which \$419,300 was covered by the plan. The district's contribution was \$12,579 (3% of covered payroll). Employee contributions to the plan amounted to \$33,844.

The total payroll for the year ended June 30, 2016 was \$2,283,077 of which \$692,566 was covered by the plan. The district's contribution was \$20,777 (3% of covered payroll). Employee contributions to the plan amounted to \$51,750

The total payroll for the year ended June 30, 2015 was \$1,617,352 of which \$942,967 was covered by the plan. The district's contribution was \$28,289 (3% of covered payroll). Employee contributions to the plan amounted to \$66,687.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE H RETIREMENT PLAN

Firefighters' Retirement System

Plan Description: The Firefighters' Retirement System is a cost-sharing multiple-employer defined benefit pension plan established by Act 4734 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

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 RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

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

Retirement Benefits: Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. Any member of the System who has completed at least twenty-five years of creditable service, who has been a member of this system for at least one year, regardless of age, or any member who has completed at least twenty years of creditable service, who has been a member of this system for at least one year, and who has attained the age of fifty years, or any member who has completed at least twelve years of service, who has been a member of this system for at least one year, and who has attained the age of fifty-five shall be entitled to retire from service.

Upon such retirement, the member shall be paid an annual retirement allowance equal to three and one-third percent of average final compensation multiplied by total years of creditable service. However, the annual retirement allowance shall not exceed one hundred percent of average final compensation.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE H RETIREMENT PLAN (continued)

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

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

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 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0% respectively.

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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2017, The District reported liabilities in its government-wide financial statements of \$3,512,626 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liabilities were measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportional share of the System was 0.612826%.

For the year ended June 30, 2017, the District recognized a pension expense of \$896,054 in its governmental activities related to its participation in the System.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 195,888
Changes in Assumption	146,917	838
Net difference between projected and actual earnings on Pension plan investments	302,187	-
Changes in proportion and differences between employer Contributions and proportionate share of contributions	2,508,976	-
Employer contributions subsequent to the measurement date	-	-
	<u>\$2,958,080</u>	<u>\$ 196,726</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2018	568,776
2019	629,287
2020	495,215
2021	336,077
2022	449,356
2023	<u>282,643</u>
	<u>\$ 2,761,354</u>

Actuarial Assumptions: A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows.

Firefighters' Retirement System

Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	7.4% per annum (net fees)
Inflation rate	2.775% per annum
Projected salary increases	Vary from 15% in the first two year of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

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

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 8.29% as of June 30, 2017. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2017. Are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Rates of Return</u>	
		<u>Real</u>	<u>Nominal</u>
Fixed Income	23%	2.04%	
Equity	57%	6.81%	
Alternatives	10%	6.67%	
Other	10%	4.60%	
System Total			5.54%
Inflation			<u>2.75%</u>
Expected Arithmetic Nominal Return			<u>8.29%</u>

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

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

	<u>Changes in Discount Rate:</u>		
	<u>Firefighters' Retirement System</u>		
	<u>Current</u>	<u>1% Discount Rate</u>	<u>1% Increase</u>
	<u>6.40%</u>	<u>7.40%</u>	<u>8.40%</u>
Net Pension Liability	<u>\$5,047,508</u>	<u>\$3,512,626</u>	<u>\$2,222,337</u>

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

**Support of Non-Employer Contributing Entities:** Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the District recognized revenue as a result of support received from the non-employer contributing entities of \$155,110 for its participation in the System.

**Pension Plan Fiduciary Net Positions:** Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at [www.lafirefightersret.com](http://www.lafirefightersret.com).

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE I-JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES

At June 30, 2017, the fire district was a defendant in various lawsuits. In the opinion of legal counsel for the district, the liability, if any, would not exceed insurance coverage.

NOTE J – 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 for which the District carries commercial insurance. No settlements were made during the year that exceeded the District's insurance coverage.

NOTE K - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017 consisted of the following:

Accounts payable	\$ 20,213
Payroll liabilities	16,728
Compensated absences	231,629
	<u>\$ 268,570</u>

NOTE L - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of the following:

Advalorem taxes	16,471
Insurance rebate	
Communication services	
	<u>\$ 16,471</u>

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 10, 2018 and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE N - CAPITALIZED INTEREST

For the year ended June 30, 2017 the district has \$0 interest to capitalize.

NOTE O – ON-BEHALF PAYMENTS FOR SALARIES:

Supplemental salary payments are made by the state to certain eligible full-time employees of the District, in addition to the compensation they receive from the District. The amount of the supplemental pay is determined by State Law and is revised periodically. The state paid supplemental salaries for the employees of the district in the amount of \$209,399 for the year ended June 30, 2017. These intergovernmental funds are reflected in the financial statements of the District for the year ended June 30, 2017.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE P – LONG-TERM LIABILITIES

The District includes net pension liability of \$3,512,626 in the government-wide financial statements.

NOTE Q – FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are unadjusted quoted prices in active markets for identical assets that the District has the ability to access. Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets and/or based on inputs that are derived principally from or corroborated by observable market data. Level 3 inputs are unobservable and are based on assumptions that market participants would utilize in pricing the asset. The District uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. For negotiable certificates of deposit, management categorizes these investments as Level 2 based on quoted prices for similar instruments with consideration of actively quoted interest rates, credit ratings and spreads, prepayment models and collateral data. The district had no certificates of deposit at June 30, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
SCHEDULE I  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL  
GENERAL FUND  
For the year ended June 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>				
Ad valorem taxes	\$ 5,115,080	\$ 5,115,080	\$ 5,082,087	(\$ 32,993)
Intergovernmental	394,430	394,430	340,665	( 53,765)
Interest income	15,000	15,000	12,527	( 2,473)
Miscellaneous	<u>55,780</u>	<u>55,780</u>	<u>51,972</u>	<u>( 3,808)</u>
Total revenues	<u>5,580,290</u>	<u>5,580,290</u>	<u>5,487,251</u>	<u>( 93,039)</u>
<u>EXPENDITURES</u>				
Public safety:				
Current:				
Salaries and related benefits	3,119,270	4,254,994	4,744,554	( 489,560)
Professional services	6,500	6,500	7,025	( 525)
Collection expense	170,000	170,000	169,328	672
Insurance	950,000	950,000	965,583	( 15,583)
Dues and subscriptions	5,000	5,000	2,086	2,914
Repairs and maintenance	177,500	177,500	206,186	( 28,686)
Supplies	62,500	67,500	61,216	6,284
Telephone	45,000	45,000	46,144	( 1,144)
Training	12,500	12,500	5,579	6,921
Travel and schooling	57,000	57,000	38,561	18,439
Utilities	80,000	80,000	72,097	7,903
Uniforms	67,700	67,700	56,724	10,976
Radio and contracts	63,000	63,000	65,886	( 2,886)
Equipment – expendables and repair	60,000	60,000	91,385	( 31,385)
Physicals	8,850	8,850	5,771	3,079
Fuel	55,000	55,000	44,066	10,934
Miscellaneous	29,500	24,500	25,732	( 1,232)
Capital outlay	<u>6,849,435</u>	<u>6,849,435</u>	<u>1,576,142</u>	<u>5,273,293</u>
Total expenditures	<u>11,818,755</u>	<u>12,954,479</u>	<u>8,184,065</u>	<u>4,770,414</u>
Excess (deficiency) of revenues over expenditures	( 6,238,465)	( 7,374,189)	( 2,696,814)	4,677,375
Fund balances - July 1	<u>11,238,465</u>	<u>11,238,465</u>	<u>10,731,914</u>	<u>( 506,551)</u>
Fund balances - June 30	<u>\$ 5,000,000</u>	<u>\$ 3,864,276</u>	<u>\$ 8,035,100</u>	<u>\$ 4,170,824</u>

See accompanying notes to financial statements.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE II

EMPLOYER'S SHARE OF NET PENSION LIABILITY

For the year ended June 30, 2017

Year Ended June 30	Employer Proportion of the Net Pension Liability (Assets)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.241487%	\$ 1,579,543	\$ 545,568	290.00%	68.16%
2017	0.612826%	\$ 3,512,626	\$1,422,618	246.91%	73.55%

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

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE III

EMPLOYER'S CONTRIBUTIONS

For the year ended June 30, 2017

Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributons as a % of Covered Employee Payroll
2016	\$ 148,667	\$ 148,667	\$ -	\$ 545,568	27.25%
2017	\$ 359,211	\$ 359,211	\$ -	\$ 1,422,618	25.25%

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

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

Note to Retirement System Schedules

Year Ended June 30, 2017

Firefighters' Retirement System

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

Changes of assumptions – The changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. These changes resulted in deferred inflows and outflows of resources, and related pension expense for the year ended June 30, 2017.

**OTHER SUPPLEMENTARY INFORMATION**

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH  
SCHEDULE IV  
PER DIEMS PAID COMMISSIONERS

For The Year Ended June 30, 2017

	<u>NUMBER OF MEETINGS</u>	<u>AMOUNT</u>
Laurence Mounic	10	\$ 300
Morris Guidry	11	330
Chad Bourgeois	9	270
Billy Ledet	9	270
Reggie Pitre	<u>10</u>	<u>300</u>
Total	<u>49</u>	<u>\$ 1,470</u>

**FIRE PROTECTION DISTRICT NO. 3  
OF LAFOURCHE PARISH**

**SCHEDULE V**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE**

**For the year ended June 30, 2017**  
Agency Head Name: Freddy Guidry, Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$113,763
State Supplemental Pay	6,000 (1)
Benefits – insurance	13,820
Benefits – retirement	3,601
Benefits – social security/medicare	14,529
Car allowance	-
Vehicle provided by government	- (2)
Per diem	-
Reimbursements – mileage	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

(1)- State Supplemental Pay is paid directly to the employee by the State of Louisiana. It is included in the employee's taxable wages and federal and state payroll taxes are paid on these wages.

(2)- The district provides the Fire Chief with a take-home vehicle, however, no amount is considered taxable under the IRS rules for vehicles provided to firefighters. The use of the vehicle is considered to be a "working condition benefit". The vehicle meets the definition of "qualified non-personal use vehicle". Use of the vehicle is limited to in-parish travel and personal use is typically only made up of commuting. The truck is primarily used for public safety purposes. The vehicle is also clearly marked with insignias and painted as a fire fighter vehicle.

**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**

Board of Commissioners  
Fire Protection District No. 3  
of Lafourche Parish

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH**, component unit of Lafourche Parish, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements and have issued my report thereon dated October 10, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH's** internal control. Accordingly, I do not express an opinion on the effectiveness of the **FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH'S** internal control.

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

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

**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**

(continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 2017-1.

Fire Protection District No.3 of Lafourche Parish's Response to Findings

**FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** response to the findings identified in my audit is described in the accompanying schedule of findings and responses. **FIRE PROTECTION DISTRICT NO. 3 of LAFOURCHE PARISH's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



Aldon G. Wahl, Jr.  
Certified Public Accountant

October 10, 2018

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

I have audited the financial statements of the governmental activities and the major fund of the Fire Protection District No. 3 of Lafourche Parish as of and for the year ended June 30, 2017, and have issued my report thereon dated October 10, 2018. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2017 resulted in an unmodified opinion.

**SECTION I – SUMMARY OF AUDITOR’S REPORTS**

A) Report on Internal Control and Compliance material to the Financial Statements:

Internal control:

Material Weakness – **NO**  
Significant Deficiencies - **NO**  
Other Conditions - **NO**

Compliance:

Compliance Material to the Financial Statements – **YES**

B) Federal Awards

The Fire District received no federal awards for the year ended June 30, 2017.

**SECTION II FINANCIAL STATEMENT FINDINGS**

A) 2017-01 Late Audit Submission

Condition: Audit report was not submitted within six months of the district’s fiscal year.

Criteria: Louisiana Revised Statute 24:513 requires that audited financial statements be submitted to the Legislative Auditor within six months of the close of an entity’s fiscal year.

Cause: The district was unable to submit its audit timely.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION II FINANCIAL STATEMENT FINDINGS (continued)**

Effect: The district was not in compliance since its audit report was not submitted within six months of the close of its fiscal year.

Recommendation: The district should submit future audits within six months of the close of its fiscal year.

Management Response: Resolved. The district will submit all future audits within six months of the close of its fiscal year.

**SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2017.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

Finding 2016-01: Late audit submission

Unresolved. See 2017.01

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Fire Protection District No. 3 did not receive federal awards during the year ended June 30, 2016.

**SECTION III MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2016.

FIRE PROTECTION DISTRICT NO. 3 OF LAFOURCHE PARISH

MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION I – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

Reference No: 2017-01

Description of Findings: Audit report not submitted within six months of the close of the district's fiscal year.

Corrective Action Planned: Resolved. All future audits will be submitted timely.

Name of Contact Person: Kully Griffin

Anticipated Completion Date: Resolved.

**SECTION II – INTERNAL CONTROL AND COMPLIANCE MATERIAL TO  
FEDERAL AWARDS**

Fire Protection District NO. 3 did not receive federal awards during the year ended June 30, 2017.

**SECTION III – MANAGEMENT LETTER**

A management letter was not issued in connection with the audit for the year ended June 30, 2017.

Fire Protection District No. 3  
of Lafourche Parish

Statewide Agreed Upon Procedures Report  
With Schedule of Findings and Management's Responses

*As of and for the Year Ending  
June 30, 2017*

P.O. Box 965  
LAROSE, LA 70373**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To: Fire Protection District No. 3  
of Lafourche Parish  
and  
The Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Fire Protection District No. 3 and the Louisiana Legislative Auditor (LLA) on the control and compliance (*CIC*) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended June 30, 2017. The Entity's management is responsible for those *CIC* areas identified in the SAUPs.

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

The procedures and associated findings are described in the following schedule.

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 *CIC* 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 *CIC* 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.



Aldon G. Wahl, Jr.  
Certified Public Accountant

Larose, Louisiana  
October 10, 2018

**Fire Protection District No. 3  
of Lafourche Parish  
Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2017**

The required procedures and our findings are as follows:

**Procedures performed on the written policies and procedures:**

1. Obtain the 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

**Performance:** Obtained and read the written policy for budgeting and found it to address all the functions listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Obtained and read the written policy for purchasing.

**Exceptions:** The policy did not contain a provision about adding vendors.

**Management's response:** Management will consider adding these procedures to their existing purchasing policy.

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

**Performance:** Obtained and read the written policy for disbursements and found it to address all the functions listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Obtained and read the written policy for receipts and found it to address all the functions listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Fire Protection District No. 3  
of Lafourche Parish  
Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2017**

**Procedures performed on the written policies and procedures (continued):**

- 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
- Performance:** Obtained and read the written policy for contracting.  
**Exceptions:** Management's policy does not address legal review.  
**Management's response:** Management will consider updating its policy to address legal review.
- 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
- Performance:** Obtained and read the written policy for credit cards and found it to address all the functions listed above.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- Performance:** Obtained and read the written policy for travel and expense reimbursement.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
- 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.
- Performance:** Obtained and read the written policy for ethics.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- Performance:** Inquired of management as to a debt service policy.  
**Exceptions:** Management confirmed there is no debt service policy.  
**Management's response:** Management will consider drafting a debt service policy. The district has no debt service.

**Fire Protection District No. 3  
of Lafourche Parish  
Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2017**

**Procedures performed on the Board of Commissioners:**

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.

*Performance:* Obtained and read the written minutes of board meetings.  
*Exceptions:* There were no exceptions noted.  
*Management's response:* Not applicable.
  - 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).

*Performance:* Inspected meeting minutes for budget to actual comparisons.  
*Exceptions:* The minutes did not reflect or note a comparison of budget to actual.  
*Management's response:* The Board is considering changing the policy and presenting budget comparisons beginning in the next fiscal year.
  - 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.

*Performance:* Inspected Board minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contract, and disbursements.  
*Exceptions:* There were no exceptions noted.  
*Management's response:* Not applicable.

**Procedures performed on the bank reconciliations:**

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

*Performance:* Obtained the listing of bank accounts from management, and received management's representation that it was complete.  
*Exceptions:* There were no exceptions noted.  
*Management's response:* Not applicable.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;

**Fire Protection District No. 3  
of Lafourche Parish  
Schedule of Procedures and Associated Findings of the  
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**Procedures performed on the bank reconciliations (continued):**

**Performance:** Selected 3 bank accounts out of a total of 3 accounts. Inspected bank reconciliations prepared for each month.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 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

**Performance:** Inspected bank reconciliations (or statements for bank accounts that reconciliation were not prepared) for written approvals.

**Exceptions:** There was no documentation of written approval on the bank reconciliations by management.

**Management's response:** A new policy was enforced to provide written documentation of approval by management on the bank reconciliations.

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

**Performance:** Inspected bank reconciliations for items outstanding for more than 6 months.

**Exceptions:** There was no documentation that items that have been outstanding for more than 6 months had been researched for reconciling.

**Management's response:** In the future, we will research the items and either re-issue or void as appropriate.

**Procedures performed on the collections:**

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

**Performance:** Obtained the listing of cash/check/money order (cash) collection locations from management, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

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

**Performance:** Inquired for the 1 cash collection location selected as to all of the requirements listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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**Procedures performed on the collections (continued):**

- 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.

**Performance:** Requested the written policies that outlined the reconciliation of cash collections and inquired of separation of duties.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

J>- 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.

**Performance:** Traced collections from the highest dollar week of the cash collections to the deposit date on the corresponding bank statement noting number of days from receipt to deposit for each day at each collection location.

**Exceptions:** Through inspection of documentation and inquiry of the client, no evidence was documented as to when checks are received. Therefore, it cannot be determined if cash receipts are deposited within one day of collection.

**Management's response:** Management will begin stamping the received date on the date on the check advice received by the District.

J>- 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.

**Performance:** Inspected sequentially numbered receipts, the journal of cash receipts and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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 by a person who is not responsible for collections.

**Performance:** Inspected the Policy Manual, and inquired of management as to separation of duties.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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**Procedures performed on the disbursements:**

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.

**Performance:** Obtained the listing of disbursements, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Randomly selected 25 disbursements using a random number generator. Requested requisitions, purchase orders, and related invoices, as well as inquired of the client.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Inspected documentation and inquired of management as to purchase approval process.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Performance:** Inspected invoices selected for required purchase orders and approval for payment.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

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**Procedures performed on the disbursements (continued):**

**Performance:** Obtained and inspected the written policies, and inquired of management as to separation of duties.

**Exceptions:** The policy manual does not address or prohibit the person responsible for processing payments from adding vendors to the system.

**Management's response:** Management will consider revising its policy.

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.

**Performance:** Inspected the written policies, and inquired of management as to whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases. The district requires dual signatures on all checks.

**Exceptions:** The administrator has the ability to initiate purchases as well as sign checks. The administrative assistant has the ability to sign checks and record purchases.

**Management's response:** There is Board oversight of all purchases to mitigate the lack of segregation of duties. Also, all checks require two signatures.

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.

**Performance:** Inquired of management, as well as observed that all supplies of unused checks are maintained in a locked location.

**Exceptions:** The supply of unused checks are maintained in the Administrative Assistant's locked office. The Administrator is the only other person who has access to the Administrative Assistant's office. Both the Administrator and the Administrative Assistant have signature authority.

**Management's response:** Management will consider ways to mitigate the lack of segregation of duties. Dual signatures are required on all checks.

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

**Performance:** Inquired of management of the details of signing checks and the control over them. No signature stamp or signature machine is used.

**Exceptions:** No exceptions were noted.

**Management's response:** Not applicable.

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**Procedures performed on the 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.

**Performance:** Obtained a listing of all active credit cards including the above-mentioned information for each card, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Obtained all monthly statements for 1 of the total of 3 cards issued and observed for supporting documentation as well as approvals.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Reviewed all credit card statements for any late fees or finance charges.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

- a) For each transaction, report whether the transaction is supported by:  
l> An original itemized receipt (i.e., identifies precisely what was purchased)

**Performance:** Traced each transaction to an original itemized receipt.

**Exceptions:** There were no exceptions.

**Management's response:** Not applicable.

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

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**Performance:** Observed documentation for the purpose of each transaction noting clear purpose as business/public. There were no transactions for meal charges.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Observed written approvals of credit card transactions. Management reviews all transactions and then agrees to support before payment.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 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.

**Performance:** Compared transaction detail to the written policies and Louisiana Public Bid Law.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 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

**Performance:** Inspected all transactions for compliance with Article 7, Section 14 of the Louisiana Constitution.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Procedures performed on the travel and expense reimbursements:**

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.

**Performance:** Obtained a listing of all travel and related expense reimbursements including the above-mentioned information, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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**Procedures performed on the travel and expense reimbursements (continued):**

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.

**Performance:** Compared transaction detail to the written policies; and to the per diem and mileage rates established by the U.S. General Services Administration.

**Exceptions:** There were no exceptions noted.

**Management's response:** 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.

**Performance:** Selected the 3 employees with the most travel costs during the period and the highest travel expenditure reimburse for each. Compared documentation to the applicable rates listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 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.]

**Performance:** Traced each expense to the original itemized receipt with detail of reimbursement.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

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**Performance:** Traced each expense to the original itemized receipt with detail of reimbursement.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Traced each expense to the original itemized receipt with documentation for reimbursement.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Inspected all transactions for compliance with Article 7, Section 14 of the Louisiana Constitution.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Inspected all transactions for documentation of review and approval in writing other than the person receiving the reimbursement.

**Exceptions:** It was noted that the Administrator approves travel expenditures for all travel and training expenses. There was one instance where the Administrator approved an expense reimbursement that included travel and training for the Administrator's travel.

**Management's response:** Management will consider having the Board approve any travel and training expenses for the Administrator.

**Procedures performed on 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.

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**Procedures performed on contracts (continued):**

**Performance:** Obtained a listing of all contracts, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Obtained a copy and reviewed 5 of the 12 contracts in effect for the fiscal year.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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)

**Performance:** Compared 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. One contract to build a station was subject to the bid law.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Compared each contract's detail noting whether the entity solicited quotes as a best practice.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Inspected contracts including amendments and change orders. One contract was amended by a change order increase of \$4,410.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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**Procedures performed on contracts (continued):**

- 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.

**Performance:** Inspected contract to agree to the actual expenditure.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 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. Lawrson Act or Home Rule Charter).

**Performance:** Observed approval of contract in board minutes.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Obtained a listing of employees with their related salaries, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Procedures performed on payroll and personnel:**

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.

**Performance:** Compared compensation from the district's pay scale with payments made to employees during the fiscal year.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 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.

**Performance:** Observed the written policy and pay scales and changes and traced all salary adjustments approved in writing as per the policy.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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:

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**Procedures performed on payroll and personnel (continued):**

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

**Performance:** Randomly selected one pay period to test leave taken during that period. Inspected 25 daily attendance and leave records for proper documentation.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Reviewed documentation of daily attendance and leave records for proper approval.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 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.

**Performance:** Reviewed documentation of daily attendance and leave records each employee eligible for leave.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Obtained list of terminated employees during the fiscal period and management's representation that the list is complete. Of the four (4) terminated employees, we traced the two (2) employees with the largest termination payments to their personnel files to determine if payments were made in strict accordance with the written policies.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Reviewed payroll and retirement forms filed along with cancelled checks and EFT documentation for the fiscal year to determine if all forms were submitted to the proper agencies by the required deadlines.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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**Procedures performed on\_ ethics:**

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.

**Performance:** Obtained and inspected ethics certificates for the 5 employees selected.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.

**Performance:** Inquired of management whether any alleged ethics violations were reported during the fiscal year and management's representation. None were noted.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Procedures performed on debt service:**

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

**Performance:** No debt was issued during the fiscal year.

**Exceptions:** Not applicable.

**Management's response:** 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.

**Performance:** Not applicable. The District had no debt outstanding during the fiscal year.

**Exceptions:** Not applicable.

**Management's response:** 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.

**Performance:** Not applicable.

**Exceptions:** Not applicable.

**Management's response:** Not applicable.

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**Other Procedures performed:**

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.

**Performance:** Inquired of management whether any misappropriations of public funds or assets during the fiscal year and management's representation.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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.lfa.la.gov/hotline](http://www.lfa.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Performance:** Inquired of management and observed such notice posted as required.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Inspected all procedures, and the results of such procedures and compared them to management's representation.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.