

CADDO PARISH FIRE DISTRICT NO. 4

KEITHVILLE, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2017

Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana

CADDO PARISH FIRE DISTRICT NO. 4

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Board of Commissioners
Caddo Parish Fire District No. 4
Keithville, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of Caddo Parish Fire District No. 4 (the District), a component unit of the Caddo Parish Commission as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion 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 opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caddo Parish Fire District No. 4, as of December 31, 2017, and the changes in financial position

for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer pension contributions be presented to supplement the basic financial statements. Such information is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, 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 Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head and schedule of compensation paid to commissioners is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 31, 2018 on my consideration of Caddo Parish Fire District No. 4's internal control over functional 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 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 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 Caddo Parish Fire District No. 1's internal control over financial reporting and compliance.



Certified Public Accountant
May 31, 2018

**CADDO PARISH FIRE DISTRICT NO. 4
8240 COLQUITT ROAD
KEITHVILLE, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Caddo Parish Fire District No. 4's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2017. Please read it in conjunction with the District's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The District had net position of \$1,257,714 at year end which represents an increase from the prior year of \$86,172.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and Notes to Financial Statements. These components are described below:

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the District's net position and changes in them. You can think of the District's net position, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF THE ENTITY

Net Position

Net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$1,257,714 as of December 31, 2017.

The District's major assets are its fixed assets of \$972,530 representing its investment in capital assets such as land, buildings and improvements, equipment and furniture, less the related debt used to acquire those assets that is still outstanding. The District owed \$34,329 at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending. Revenues needed to repay the related debt will be provided through tax assessments on property located within the District.

Caddo Parish Fire District No. 4 December 31,

	2017	2016
Current assets	\$ 1,679,833	\$ 1,483,717
Capital assets	972,530	1,087,291
Total Assets	<u>2,652,363</u>	<u>2,571,008</u>
Deferred Outflows of Resources	<u>276,361</u>	<u>525,654</u>
Current liabilities	42,272	7,963
Noncurrent liabilities	1,465,336	1,791,553
Total liabilities	<u>1,507,608</u>	<u>1,799,516</u>
Deferred inflows of resources	<u>163,402</u>	<u>198,253</u>
Net position:		
Invested in capital assets, net of related debt	938,201	1,019,715
Reserved for special projects	-	-
Unrestricted	<u>319,513</u>	<u>151,827</u>
Net Position	<u>\$ 1,257,714</u>	<u>\$ 1,171,542</u>

Changes in Net Position

The District's net position increased by \$86,172 during the year ended December 31, 2017. Approximately 38% (\$635,241) of the District's total revenue was derived through property taxes, while approximately 34% (\$556,915) was derived through charges for structure fees. Expenses incurred by the District are primarily for the provision of fire protection and emergency medical treatment to the citizens of the District. Approximately 55% (\$1,059,651) of the District's expenses are for salaries and related payroll taxes and employee benefits.

In 2017, governmental activity revenue exceeded expenses, resulting in an increase in net position of \$86,172.

Caddo Parish Fire District No. 4's Changes in Net Position For the Year Ended December 31,

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues:		
Intergovernmental	\$ 110,999	\$ 108,504
Grants	-	.
General revenues:		
Property taxes	635,241	575,640
Structure fees	556,915	546,986
Ambulance fees	262,315	190,598
Other	82,922	71,713
Total revenues	<u>1,648,392</u>	<u>1,493,441</u>
Expenses:		
Public safety - fire protection	1,560,022	1,587,382
Interest on long-term debt	2,198	12,640
Total expenses	<u>1,562,220</u>	<u>1,600,022</u>
Increase (Decrease) in net position	<u>\$ 86,172</u>	<u>\$ (106,581)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

As of the end of the current year, the District's governmental funds reported combined ending fund balances of \$1,537,820.

Fund balance of \$1,535,215 was unreserved at year end and available for spending in the coming year.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The fund balance of the general fund increased by \$110,247 during 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq).

The District's budget was amended during 2017.

The actual expenditures were \$85,542 less than budgeted; and the actual revenues were less than budgeted amounts by \$1,925.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2017, totaled \$3,029,874, net of accumulated depreciation of \$2,057,344 leaving a book value of \$972,530. This investment in capital assets includes fire stations (land, buildings and improvements), fire trucks, emergency response vehicles, fire fighting and rescue equipment, office equipment and furniture (equipment and furniture).

Actual costs to purchase capital assets were \$30,280 for the year. Depreciation charges for the year totaled \$114,762.

Debt Administration

The District incurred no new debt in 2017. Principal payments on debt for the year ended December 31, 2017 totaled \$33,247. At December 31, 2017, total debt was \$34,329.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended December 31, 2018 was prepared.

Revenues are expected to stay consistent for 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Caddo Parish Fire District No. 4 for all of the District's citizens, taxpayers, investors, and creditors. The financial report seeks to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Bryant Williams, Caddo Parish Fire District No. 4, 8240 Colquitt Road, Keithville, Louisiana 71047.

CADDO PARISH FIRE DISTRICT NO. 4

Statement of Net Position

December 31, 2017

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 424,336
Ad valorem taxes receivable	640,413
Fire protection service charges receivable	571,500
Ambulance fees receivable	40,979
Prepaid Insurance	2,605
Total Current Assets	1,679,833
Noncurrent Assets	
Capital Assets, net	972,530
Total Noncurrent Assets	972,530
Total Assets	2,652,363
Deferred Outflows of Resources	276,361
LIABILITIES	
Current Liabilities	
Accounts payable and accruals	7,943
Current portion of long-term debt	34,329
Total Current Liabilities	42,272
Long Term Liabilities	
Notes payable	-
Net pension liabilities	1,465,336
Total Long Term Liabilities	1,465,336
Total Liabilities	1,507,608
Deferred Inflows of Resources	163,402
NET POSITION	
Invested in capital assets, net of related debt	938,201
Unrestricted, undesignated	319,513
Net Position	\$ 1,257,714

The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

Statement of Activities

For the Year Ended December 31, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants	Capital Grants and Contributions	
Governmental Activities:				
Public safety-fire protection	\$ 1,560,022	\$ -	\$ 2,863	\$ (1,557,159)
Interest on long term debt	2,198	-	-	(2,198)
Total Governmental Activities	\$ 1,562,220	\$ -	\$ 2,863	\$ (1,559,357)
General Revenues:				
Taxes				
Ad valorem taxes				635,241
Service fees				556,915
Ambulance fees				262,315
State fire insurance rebate				29,834
State revenue sharing				22,227
State supplemental pay				56,077
Non-employer pension contribution				64,706
Interest Earned				17,648
Miscellaneous				566
Total General Revenues				1,645,529
Change in Net Position				86,172
Net Position, beginning of year				1,171,542
Net Position, end of year				\$ 1,257,714

The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

Balance Sheet
General Fund
December 31, 2017

ASSETS	
Cash	\$ 424,336
Ad valorem taxes receivable	640,413
Structure fees receivable	571,500
Ambulance fees receivable	40,979
Prepaid insurance	<u>2,605</u>
Total Assets	<u>\$ 1,679,833</u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accruals	\$ 7,943
Deferred revenue	<u>134,070</u>
Total Liabilities	142,013
Fund Balance	
Nonspendable	
Prepaid insurance	2,605
Unassigned	<u>1,535,215</u>
Total Fund Balances	<u>1,537,820</u>
Total Liabilities and Fund Balances	<u>\$ 1,679,833</u>

The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 7

Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
Year Ended December 31, 2017

Fund Balances - Total Governmental Funds	\$ 1,537,820
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Amounts reported for governmental activities in the statement of net position
are different because:

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

Add: Capital Assets	3,029,874
Deduct: Accumulated Depreciation	(2,057,344)

Certain liabilities, such as debt and pension liability are not due
and payable in the current period and therefore are not reported
in the funds.

Deduct: Long term debt	(34,329)
Pension liability	(1,465,336)

Other long term assets are not available to pay for current period expenditures and are deferred in the funds.	134,070
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Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds.	276,361
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Deferred inflows of resources related to net pension liability are not payable from current expendable resources, and, therefore, are not reported in the funds.	(163,402)
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Net Position of Governmental Activities	<u>\$ 1,257,714</u>
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The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

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

	General Fund
Revenues:	
Ad valorem taxes	\$ 535,411
Service fees	571,126
Ambulance fees	262,315
Intergovernmental revenues:	
Grant funds	2,863
State fire insurance rebate	29,834
State revenue sharing	22,227
State supplemental pay	56,077
Miscellaneous	566
Interest earned	17,648
Total Revenues	1,498,067
Expenditures:	
Current:	
Fire protection	1,352,375
Debt service:	
Principal	33,247
Interest	2,198
Total Expenditures	1,387,820
Net change in fund balance before other Financing Sources	110,247
Other Financing Sources:	
Proceeds from borrowing	-
Net change in fund balance	110,247
Fund Balances, Beginning of Year	1,427,573
Fund Balances, End of Year	\$ 1,537,820

The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2017

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

Net Change in Fund Balances - Total Governmental Funds	\$ 110,247
Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$145,042) exceeds depreciation (\$30,280).	(114,762)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Net effect of prior and current year deferred revenue	85,620
Payments on debt are recorded as expenditures in the funds, but are recorded in the statement of net position as a reduction in liabilities.	33,247
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	(92,886)
Nonemployer pension contribution revenue	64,706
Change in Net Position of Governmental Activities	<u>\$ 86,172</u>

The notes to the financial statements are an integral part of this statement.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

INTRODUCTION

Caddo Parish Fire District No. 4 ("the District") was created by the Caddo Parish Commission by ordinance as provided under the Louisiana Revised Statutes 40:1492-501. The District is a component unit of the Caddo Parish Commission and is governed by a board of commissioners, who are appointed by the Caddo Parish Commission. The purpose of the District is to provide fire protection and emergency services to the residents of the District.

1. *Summary of Significant Accounting Policies:*

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June, 1999 the GASB issued Statement 34, *Basic Financial Statements - and Management's Discussion Analysis - for State and Local Governments* and Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Government Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity is financial accountability. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

The District is a component unit of the Caddo Parish Commission, the financial reporting entity. The Commission is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on the District.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

1. *Summary of Significant Accounting Policies (continued):*

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all nonfiduciary activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function, segment or component unit. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District consists of one program - fire protection.

Governmental fund financial statements are provided for the District. The District consists of one governmental fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Accounting - In accordance with Government Accounting Standards Board Statement No. 34, the District has presented a Statement of Net Position and a Statement of Activities for the District as a whole. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

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

Eliminating Internal Activity - Interfund receivables and payables are eliminated in the Statement of Net Position.

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

Capitalizing Assets - Tangible or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, and buildings are recorded at their historical costs and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

1. *Summary of Significant Accounting Policies (continued):*

Program Revenues - The Statement of Activities presents two categories of program revenues - (1) charges for services; and (2) operating grants and contributions.

Charges for services are those revenues arising from exchange or exchange-like transactions with external parties that purchase, use or directly benefit from the program goods, services or privileges. Service charges (structure fees) are reported as charges for services.

Operating grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for operating purposes of a program. Supplemental salaries paid to the firefighters by the State of Louisiana, state revenue sharing, and fire insurance rebates are reported as operating grants and contributions.

Restricted Net Position - Restricted net position are those for which a constraint has been imposed either externally or by law. Resources restricted for a specific purpose are exhausted before unrestricted net assets are used.

Government-Wide Financial Statements - 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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Fund Financial Statements - The governmental financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Principal revenue sources considered to be susceptible to accrual include property taxes, service fees, and interest on investments. Other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

Interest on general long-term obligations is recognized when paid.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

1. *Summary of Significant Accounting Policies (continued):*

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including collection and disbursement of specific or legally restricted monies, the acquisition, construction or improvement of capital assets, and the servicing of long-term debt. Governmental funds of the District include:

General Fund - the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Budget and Budgetary Control

A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31st of each year. The proposed budget is prepared on a cash basis of accounting that is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). The budget is legally adopted and amended, as necessary, by the board of commissioners. The board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. The budget was amended in 2016.

Formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

1. *Summary of Significant Accounting Policies (continued):*

Use of Estimates

The preparation of financial statements generally requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during a reporting period. Actual results could differ from those estimates.

Capital Assets

The District's assets are recorded at historical cost. Capital assets are recorded as expenditures in the governmental financial statements. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation expense is recorded in the government-wide financial statements using the straight-line method over the useful lives of the assets. All assets of the District are reported in the accompanying financial statements.

Long-term obligations

In the government-wide statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability reported on the Statement of Net Position. In the fund financial statements, debt principal payments of the governmental funds are recognized as expenditures when paid.

Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business.

Governmental fund type receivables consist primarily of amounts due for property taxes and charges for service (structure fees and ambulance fees).

Net Position/Fund Balances

In the Statement of Net Position, the differences between a government's assets and liabilities are recorded as net position. The three components of net position are as follows:

Invested in Capital Assets, Net of Related Debt - This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

1. *Summary of Significant Accounting Policies (continued):*

Net Position/Fund Balances (continued)

Restricted Net Position - This category records net position that is restricted by external sources such as banks or by law are reported separately as restricted net assets.

Unrestricted Net Position - This category represents net position not appropriable for expenditures or legally separated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Nonspendable - This classification includes amounts that cannot be spent that are not in spendable form or legally required to be maintained intact.

Unassigned - This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes.

2. *Cash and Cash Equivalents:*

At December 31, 2017, the District has cash and cash equivalents as follows:

	Bank Balances	Book Balances
Interest-bearing demand deposits	\$ 441,484	\$ 424,336

These deposits are stated at cost, which approximates market. Under state law, these 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 deposits insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank that is mutually acceptable to both parties. At December 31, 2017, deposits of \$250,000 were collateralized by FDIC insurance. Deposits of \$191,484 were collateralized by securities held by the depository bank in the name of the District.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

6. *Firefighters' Retirement System of Louisiana (FRS):*

The District contributes to FRS which is a cost-sharing multiple employer defined benefit pension plan. FRS was established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana revised Statutes 11:2251 - 11:2272, which should be reviewed for more complete information.

Membership is mandatory for any full-time firefighters or any person in a position as defined in the municipal fire and police civil service system who is employed by a fire department of any municipality, parish, or fire prevention district of the State of Louisiana, except Orleans and East Baton Rouge Parishes, who earns at least \$375/month excluding state supplemental pay. Employees of the system are eligible at their option, to become members of the System. Persons must be under the age of fifty to be eligible for membership unless they become members through merger.

FRS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lafirefightersret.com or at www.lla.la.us.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

Any member can retire providing he/she meets one of the following criteria:

- | | |
|-------------|--|
| -At any age | after 25 years of creditable service provided they have been a member of FRS for at least one year |
| -At age 55 | after 12 years of creditable service |
| -At age 50 | after 20 years of creditable service |

Benefit rates for membership, are three and one-third percent of average final compensation per number of years of creditable service not to exceed 100% of average final compensation.

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements

December 31, 2017

6. *Firefighters' Retirement System of Louisiana (FRS)(continued):*

Optional Allowances

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

Option 1 - If the member dies before he has received any annuity payments, the present value of his member's annuity as it was at the time of retirement, the balance is paid to the beneficiary.

Option 2 - Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

Option 3 - Upon retirement the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

Option 4 - Upon retirement, the member elects to receive a board approved benefit payable to the member, the member's spouse, or the member's dependent child, which is actuarially equivalent to the maximum benefit.

Initial Benefit Option Plan

This option is available only to regular retirees who have not participated in the Deferred Retirement Option Plan. Under this option, members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equal the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to thirty-six payments of the member's maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an "initial benefit account" with interest credited thereto and monthly payments made from the account.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2 1/2% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the latter of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable.

Deferred Retirement Option Plan (DROP)

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who has at least twenty-five years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in DROP for up to thirty-six months and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates and neither the employee nor employer contributions are payable. Compensation and creditable service will remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

6. *Firefighters' Retirement System of Louisiana (FRS)(continued):*

allowance, are paid into DROP account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account, or he may elect any other method of payment if approved by the Board of Trustees. The monthly benefits that were being paid into the fund during the period of participation will begin to be paid to the retiree. If employment is not terminated at the end of thirty-six months, payment into the account cease; and the member resumes active contributing membership in the system. If the participant dies during the period of participation in the program, a lump-sum payment equal to his/her balance is paid to his/her named beneficiary or, if none, to his/her estate; in addition, normal survivor benefits are payable to survivors of retirees.

Disability Benefits

Any member who has been officially certified as totally disabled solely as a result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60% of final compensation for an injury received in the line of duty; or 75% of accrued retirement benefit with a minimum of 25% of average salary for an injury received, even though not in the line of duty. Any member age fifty or older who becomes totally disabled as a result of an injury sustained in the line of duty is entitled to disability benefit equal to the greater of 60% of final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25% of average salary. The surviving spouse if a member who was on disability retirement at the time of death receives a benefit of \$200/month. When the member takes disability retirement, he/she may in addition take an actuarially reduced benefit in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

Survivor's Benefits

Benefits are payable to survivors of a deceased member who dies and is not eligible for retirement as follows: If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his/her total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200/month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse,

CADDO PARISH FIRE DISTRICT NO. 4

Notes to Financial Statements
December 31, 2017

9. *Risk Management:*

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation. There were no significant reductions in insurance coverage from the prior year.

10. *Supplemental Pay*

Supplemental salary payments are made by the State directly to certain firemen employed by the District. GASB Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditure by an employer government entity. In accordance with this Statement, \$56,077 has been recognized as both intergovernmental revenue (state supplemental pay) and salaries in the General Fund.

11. *Reconciliation of Differences between the Budgetary-Based Fund Financial Statements and the GAAP-Based Fund Financial Statements:*

As discussed in Note 1, the budget is prepared on a cash basis of accounting. However, the modified accrual basis of accounting is used for fund financial reporting purposes in accordance with GAAP. Exhibit 1 on page 30 is a reconciliation of revenues and expenditures recognized in accordance to the budgetary basis (cash basis) for the year ended December 31, 2017.

12. *Subsequent Events:*

Management has evaluated subsequent events through, May 31, 2018, the date the financial statements were available to be issued and determined that no additional disclosures are warranted.

CADDO PARISH FIRE DISTRICT NO. 4
 Budgetary/GAAP Reporting Reconciliation
 December 31, 2017

	Actual on GAAP Basis	General Fund Adjustment to Budgetary Basis	Actual on Budgetary Basis
Revenues:			
Ad valorem taxes	\$ 535,411	\$ 51,011	\$ 586,422
Fire protection service fees	571,126	(26,511)	544,615
Ambulance fees	262,315	5,659	267,974
Intergovernmental		-	
State fire insurance rebate	29,834	-	29,834
Grants	2,863	-	2,863
State revenue sharing	22,227	-	22,227
State supplemental pay	56,077	-	56,077
Interest earned	17,648	(5,851)	11,797
Miscellaneous	566	-	566
Total revenues	<u>1,498,067</u>	<u>24,308</u>	<u>1,522,375</u>
Expenditures:			
Fire protection	1,322,094	(317)	1,321,777
Capital outlay	30,281	-	30,281
Debt service	35,445	5	35,450
Total expenditures	<u>1,387,820</u>	<u>(312)</u>	<u>1,387,508</u>
Changes in Fund Balance before Other Financing Resources	110,247	24,620	134,867
Other Financing Sources:			
Proceeds from Certificates of Indebtedness	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	110,247	<u>24,620</u>	<u>134,867</u>
Fund Balance, Beginning of Year	<u>1,427,573</u>		
Fund Balance, End of Year	<u><u>\$1,537,820</u></u>		

CADDO PARISH FIRE DISTRICT NO. 4

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
(Cash Basis)
General Fund

For the Year Ended December 31, 2017

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 657,500	\$ 586,450	\$ 586,422	\$ (28)
Fire protection service fees	545,000	545,000	544,615	(385)
Insurance revenue	175,000	270,000	267,974	(2,026)
Intergovernmental				-
State fire insurance rebate	28,100	29,800	29,834	34
State revenue sharing	20,500	22,200	22,227	27
State supplemental pay	60,000	60,000	56,077	(3,923)
Grants	-	-	2,863	2,863
Interest earned	6,200	10,800	11,797	997
Miscellaneous	50	50	566	516
Total revenues	<u>1,492,350</u>	<u>1,524,300</u>	<u>1,522,375</u>	<u>(1,925)</u>
Expenditures:				
General government	1,392,600	1,397,600	1,321,777	75,823
Capital outlay	45,000	40,000	30,281	9,719
Debt service	35,450	35,450	35,450	-
Total expenditures	<u>1,473,050</u>	<u>1,473,050</u>	<u>1,387,508</u>	<u>85,542</u>
Excess Revenues				
Over Expenditures before				
Other Financing Sources	19,300	51,250	134,867	83,617
Other Financing Sources:				
Proceeds from debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues over Expenditures	19,300	51,250	134,867	83,617
Fund Balances, Beginning of Year	<u>1,652,683</u>	<u>1,652,683</u>	<u>1,652,683</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$1,671,983</u></u>	<u><u>\$1,703,933</u></u>	<u><u>\$ 1,787,550</u></u>	<u><u>\$ 83,617</u></u>

CADDO PARISH FIRE DISTRICT NO. 4
Schedule of Employer's Share of Net Pension Liability
Year Ended December 31, 2017

Year Ended Jun 30	Employer Proportion of the Net Pension Liability (Asset)	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
2015	0.452212%	\$ 2,440,639	\$ 698,098	206.19%	99.55%
2016	0.463580%	3,032,233	599,429	287.60%	68.16%
2017	0.2556480%	1,465,336	574,660	254.99%	73.55%

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

CADDO PARISH FIRE DISTRICT NO. 4

Schedule of Employer Contributions Year Ended December 31, 2017

<u>Year Ended December 31</u>	<u>Contractually Required Contribution</u>	<u>Contribution in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 219,877	\$ 219,877	\$ -	\$ 698,098	28.4700%
2016	294,597	294,597	-	599,429	49.1500%
2017	148,557	148,557	-	574,660	25.8500%

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

CADDO PARISH FIRE DISTRICT NO. 4

**Note to Retirement System Schedules
Year Ended December 31, 2017**

Firefighter's Retirement System

Changes of benefit terms - There were no changes of benefit terms for the year ended December 31, 2017.

Changes of assumptions - There were no changes of benefit assumptions for the year ended December 31, 2017.

CADDO PARISH FIRE DISTRICT NO. 4

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

For the Year Ended December 31, 2017

Agency Head: Bryant Williams, Fire Chief

Salary	<u>\$ 81,036</u>
Payroll Taxes	<u>\$ 1,175</u>
Retirement	<u>\$ 20,968</u>
Insurance	<u>\$ 22,102</u>
Reimbursements	<u>\$ 120</u>
Registration Fees	<u>\$ 45</u>

CADDO PARISH FIRE DISTRICT NO. 4
Detail Governmental Expenditures - General Fund
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive Negative
	Original	Final	Actual	
Expenditures:				
Current fire protection:				
Ambulance collection fee	\$ 17,500	\$ 17,500	\$ 15,400	\$ 2,100
Advertising	1,000	1,000	224	776
Dues & Subscriptions	6,800	6,800	6,561	239
Communications maintenance	3,000	3,000	1,239	1,761
Equipment Repairs	5,000	5,000	4,442	558
Election expense	-	-	572	(572)
Employee benefits	151,200	151,200	150,853	347
Firefighters retirement	163,000	163,000	154,493	8,507
Firefighters equipment	5,000	5,000	1,667	3,333
Gas, oil and fuel	10,000	11,500	11,122	378
Insurance	86,200	82,700	70,337	12,363
Medical supplies	20,000	21,000	21,147	(147)
Office supplies and expenses	3,000	3,000	2,692	308
Payroll taxes	19,700	20,700	21,459	(759)
Pension fund contribution	19,700	19,700	17,358	2,342
Professional Fees	7,000	7,000	5,053	1,947
Station maintenance	10,000	10,000	8,704	1,296
Salaries	765,000	765,000	732,846	32,154
Sheriff's fee	41,500	41,500	41,584	(84)
Station supplies	4,000	4,000	2,774	1,226
Telephone	3,000	3,000	2,443	557
Training and travel	4,000	4,000	3,877	123
Uniforms	5,000	5,000	3,331	1,669
Utilities	20,000	20,000	17,277	2,723
Vehicle Repairs	22,000	27,000	24,322	2,678
Volunteer reimbursement	-	-	-	-
Total fire protection costs	1,392,600	1,397,600	1,321,777	75,823



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

Board of Commissioners
Caddo Parish Fire District No. 4
Keithville, Louisiana

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 of Caddo Parish Fire District No. 4 as of and for the year ended December 31, 2017, and related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated May 31, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Caddo Parish Fire District No. 4's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 District's financial statements will not be prevented, or detected 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.

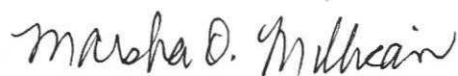
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caddo Parish Fire District No. 4's financial statements are free of 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant
May 31, 2018

CADDO PARISH FIRE DISTRICT NO. 4

Corrective Action Taken on Prior Year Findings

Year Ended December 31, 2017

There were no findings for the year ended December 31, 2016.

CADDO PARISH FIRE DISTRICT NO. 4

Schedule of Findings

Year Ended December 31, 2017

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies in internal accounting control were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the District were disclosed.

There were no findings for the year ended December 31, 2017.



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Commissioners
Caddo Parish Fire District No. 4

I have performed the procedures enumerated below, which were specified and agreed to by the Board of Commissioners of Caddo Parish Fire District No. 4 (the District) to assist the District in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal year ended December 31, 2017. I am required to perform each procedure and report the results, including any exceptions. The District is responsible for internal controls and compliance with laws and regulations relative to the SAUP and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for their purposes.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. I obtained the entity's written policies and procedures and determined whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:
 - ***Budgeting***, including preparing, adopting, monitoring and amending the budget.
 - ***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.
 - ***Disbursements***, including processing, reviewing and approving.
 - ***Receipts***, including receiving, recording, and preparing deposits.
 - ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **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.
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- **Debt Service**, including (1) debt insurance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

a) Procedures Results - I noted no exceptions.

Board (or Finance Committee, if applicable)

2. I obtained and reviewed the board/committee minutes for the fiscal period, and:

- Determined whether the managing board met (with a quorum) at least monthly, or in a frequency in accordance with board's enabling legislation, charter, or other equivalent document.
- Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

If the budget-to actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

a) Procedures Results - I noted no exceptions.

Bank Reconciliations

3. I obtained a listing of the Council's bank accounts from management and management's representation that the listing is complete.
 4. Using the listing provided by management, I selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, I obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
 - Bank reconciliations have been prepared
 - 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
 - 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.
- a) Procedures Results - I noted no exceptions.

Collections

5. I obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, I selected all of the entity's cash collection locations (if five less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each collection location selected:
 - I obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transactions, or reconciling the related bank account(report if there are compensating controls performed by an outside party), and (3) not to share the same cash register or drawer with another employee.
 - I obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined 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 location selected.
 - I selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement and determined whether the the deposits were made within one day of collection. If deposits were not made within one day of collection, I determined the number of days from receipt to deposit for each day at each collection location.

Using sequentially numbered receipts, system reports, or other related collection documentation I verified that daily cash collections are completely supported by documentation and noted any documentation and noted any exceptions.

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

a) Procedure Results - I noted no exceptions.

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

8. I obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sort/filter for entity disbursements. I obtained management's representation that the listing or population is complete.
9. Using the disbursement population from #8 above, I randomly selected 30 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. I obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
 - Purchases were initiated using a requisition/purchase order system or an equivalent system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or an electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I noted whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I noted whether the person with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. I inquired of management and observed 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, I reviewed entity documentation (electronic system control documentation) and noted whether the persons with signatory authority have signatory authority have system access to print checks.

13. If a signature stamp or signature machine is used, I inquired 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. I inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

a) Procedure Results - I noted no exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

15. Using the listing prepared by management, I randomly selected 10 cards (or at least one-third of the if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

I obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. I selected 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:

- Determined 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g. mayor of a Lawrason Act municipality); these instances should not be reported.]
- Determined whether finance charges and/or late fees were assessed on the selected statements.

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

- For each transaction, I determined whether the transaction is supported by:

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

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

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

- For each transaction, I compared 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.

- For each transaction, I compared the entity's documentation of the business/public purpose to the requirement of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

a) Procedure Results - I noted no exceptions.

Travel and Expense Reimbursement

17. I obtained from management a listing of all travel and related expense reimbursements, by person, the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. I obtained management's representation that the listing or general ledger is complete.
18. I obtained the entity's written policies related to travel and expense reimbursements. I compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, I selected the three persons who incurred the most travel costs during the fiscal period. I obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - I compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, and lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - I determined whether each expense is supported by:

An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

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

Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
 - I compared the entity's documentation of the business/public purpose to the requirements of Article Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

a) Procedure Results - I noted no exceptions.

Contracts

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

21. Using the listing above, I selected 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). I obtained the related contracts and paid invoices and:

- Determined whether is a formal/written contract that supports the services arrangement and the paid.
- I compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. I noted whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g. solicited quotes or bids, advertisement, selected lowest bidder).

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

- I determined 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
- I selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and noted whether the invoice and related payment complied with the terms and conditions of the contract.
- I obtained/reviewed contract documentation and board minutes and determined whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

a) Procedure Results - I noted no exceptions.

Payroll and Personnel

22. I obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. I randomly selected five employees/officials, obtained their personnel files, and:

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

- b) Reviewed 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.
23. I obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within the pay period, I randomly selected 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Determined whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). [Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.]
 - b) Determined whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Determined 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.
24. I obtained from management a list of those employees/officials that terminated during the fiscal period and managements representation that the list is complete. If applicable, I selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. I noted whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. I obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. I determined whether the employee and employer portions of the payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.
- a) Procedure Results - I noted no exceptions.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, I obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. I inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, I reviewed documentation that demonstrates whether management investigate alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. I determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.
- a) Procedure Results - I noted no exceptions.

Debt Service (excluding nonprofits)

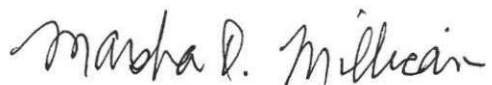
28. If debt was issued during the fiscal period, I obtained supporting documentation from the entity and determined whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, I obtained supporting documentation from the entity and determined whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, I obtained supporting documentation and whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, I determined whether any millages continue to be received for debt that has been paid off.
- a) Procedures Results - I noted no exceptions.

Other

31. I inquired of management whether the entity had any misappropriations of public funds or assets. If so, I obtained/reviewed supporting documentation and noted whether the entity had reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. I observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.
- a) Procedures Results - I noted one exception: the notice required by R.S.24:523.1 was not posted on the premises nor on the website.
- b) Management's Response - We have subsequently posted the above notice on the premises and on the website.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Council and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.



Certified Public Accountant
May 31, 2018