

**Benton Fire District No. 4
Benton, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2018

Benton Fire District No. 4
Benton, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 2
Required Supplementary Information Management's Discussion and Analysis	3 – 8
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Fund	11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	13
Notes to the Financial Statements	14 – 30
Required Supplementary Information	
Budgetary Comparison Schedule	31
Notes to Required Supplementary Information	32
Schedule of Contributions	33
Schedule of Proportionate Share of Net Pension Liability	34
Other Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	35
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	36 – 37
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	38
Corrective Action Plan For Current Year Audit Findings	38

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Commissioners
Benton Fire District No. 4
Benton, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Benton Fire District No. 4, a component unit of the Bossier Parish Police Jury, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Benton Fire District No. 4's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Benton Fire District No. 4 as of December 31, 2018, 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.

Other Matters

Required Supplementary Information

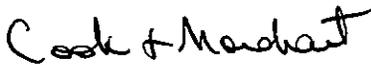
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pages 3 – 8, budgetary comparison information on pages 31 – 32, the Schedule of Contributions on page 33, and the Schedule of Proportionate Share of Net Pension Liability on page 34, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Benton Fire District No. 4's basic financial statements. The accompanying other supplementary information listed in the table of contents as Schedule of Compensation, Benefits, and Other Payments to Agency Head and shown on pages 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019, on our consideration of Benton Fire District No. 4's internal control over financial reporting and on our 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 our 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 Benton Fire District No. 4's 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 Benton Fire District No. 4's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 27, 2019

BENTON FIRE DISTRICT NO. 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Benton Fire District No. 4's financial performance provides an overview of the Benton Fire District No. 4's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the District's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Benton Fire District No. 4's net position decreased by (\$467,573) or (42%).

The Benton Fire District No. 4's total general revenues were \$3,448,216 in 2018 compared to \$3,291,221 in 2017.

During the year ended December 31, 2018, the Benton Fire District No. 4 had total expenses, excluding depreciation, of \$3,921,214, compared to \$3,973,771 for 2017.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Benton Fire District No. 4 as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Benton Fire District No. 4's operations in more detail than the government-wide statements by providing information about the Benton Fire District No. 4's most significant funds.

The Benton Fire District No. 4 was determined to be a component unit of the Bossier Parish Police Jury. The police jury is financially accountable for the district because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them. The accompanying financial statements present information only on the funds maintained by the Benton Fire District No. 4.

Reporting the Benton Fire District No. 4 as a Whole

Our analysis of the Benton Fire District No. 4 as a whole begins on page 9. One of the most important questions asked about the Benton Fire District No. 4's finances is "Is the Benton Fire District No. 4 as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Benton Fire District No. 4 as a whole and

about its activities in a way that helps answer this question. 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. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Benton Fire District No. 4's *net position* and changes in them. You can think of the Benton Fire District No. 4's net position – the difference between assets and liabilities – as one way to measure the Benton Fire District No. 4's financial health, or *financial position*. Over time, *increases* or *decreases* in the Benton Fire District No. 4's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base, to assess the overall health of the District.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Benton Fire District No. 4 as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the Benton Fire District No. 4 are reported here, which consists primarily of personal services, materials and supplies, travel, repairs and maintenance and other program services. Ad valorem taxes finance most of these activities.

Reporting the District's Most Significant Funds

Our analysis of the major funds maintained by the Benton Fire District No. 4 begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the Benton Fire District No. 4 – not the Benton Fire District No. 4 as a whole. The Benton Fire District No. 4's *governmental funds* use the following accounting approaches:

Governmental funds – All of the Benton Fire District No. 4's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Benton Fire District No. 4's general government operations and the expenses paid from those funds.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Benton Fire District No. 4 expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

THE BENTON FIRE DISTRICT NO. 4 AS A WHOLE

The Benton Fire District No. 4's total net position changed from a year ago, decreasing from (\$1,107,102), as restated, to (\$1,574,675). Our analysis below will focus on key elements of the total governmental funds for the December 31, 2018 and 2017 years.

**Table 1
Net Position**

	Governmental Activities	
	2018	2017
Current and other assets	\$ 3,581,456	\$ 3,547,536
Capital assets	1,939,349	2,152,478
Total Assets	<u>5,520,805</u>	<u>5,700,014</u>
Deferred Outflows of Resources	<u>1,720,772</u>	<u>1,869,573</u>
Current Liabilities	194,153	196,463
Long Term Liabilities	4,843,721	4,858,338
Total Liabilities	<u>5,037,874</u>	<u>5,054,801</u>
Deferred Inflows of Resources	<u>3,778,378</u>	<u>3,621,888</u>
Net Position		
Investment in capital assets	1,939,349	2,152,478
Unrestricted	(3,514,024)	(3,259,580)
Total net position	<u>\$ (1,574,675)</u>	<u>\$ (1,107,102)</u>

Net position of the Benton Fire District No. 4's governmental activities decreased by (\$467,573) or (42%), as shown above. Unrestricted net position, the part of net position that can be used to finance Benton Fire District No. 4 expenses without constraints or other legal requirements, decreased (\$254,444), from (\$3,259,580), as restated, in 2017 to (\$3,514,024) at December 31, 2018, as shown in the table above. This reduction is due in part to the recording of pension-related amounts in relation to GASB 68.

Table 2
Change in Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program revenue		
Operating grants and contributions	\$ 218,554	\$ 214,534
Capital grants and contributions	5,000	
General revenues		
Ad Valorem taxes	3,313,231	3,147,451
Intergovernmental	87,842	95,860
Miscellaneous	1,237	402
Interest and Dividends	45,906	47,508
Total Revenues	3,671,770	3,505,755
Expenses		
Public Safety - fire protection	4,139,343	4,193,933
Decrease in net assets	\$ (467,573)	\$ (688,178)

Total expenses decreased \$54,590 or 1% from total expenses in the year ended December 31, 2017 of \$4,193,933 to total expenses of \$4,139,343 in the year ended December 31, 2018.

The primary reason for this decrease is due to a reduction in capital outlay.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$16,935, which is slightly higher than last year's fund balance of \$14,122.

General Fund Budgetary Highlights

The District adopted a budget for its General Fund for the year ended December 31, 2018. There was one amendment to the budget during the year. The District's budgetary comparison is presented as required supplementary information and shown on page 31. Highlights for the year are as follows:

- Total actual expenditures were less than budgeted by approximately \$27,337.

The District's General Fund balance of \$16,935 reported on page 12 differs from the General Fund's *budgetary* fund balance of \$108,311 reported in the budgetary comparison schedule on page 31. This is primarily due to the District budgeting on the cash basis of accounting.

CAPITAL ASSETS

At the end of December 31, 2018 and 2017, the Benton Fire District No. 4 had invested \$1,939,349 and \$2,152,478, in capital assets respectively. (see table 3 below)

Table 3
Capital Assets At Year End
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	\$ 15,450	\$ 15,450
Idle assets	40,280	40,280
Buildings	634,254	689,375
Equipment	86,651	115,861
Vehicle improvements	9,087	10,307
Apparatus	1,092,021	1,219,599
Leasehold improvements	61,606	61,606
Total	<u>\$ 1,939,349</u>	<u>\$ 2,152,478</u>

This year's major additions included

Building	\$	\$
Apparatus	5,000	
Equipment		1,833
Leasehold improvements		62,917
	<u>\$ 5,000</u>	<u>\$ 64,750</u>

More detailed information about the capital assets are presented in Note 4 to the financial statements.

DEBT

Long-term liabilities of Benton Fire District No. 4 are as follows:

Table 4
Outstanding Debt At Year End

	Governmental Activities <u>2018</u>	Governmental Activities <u>2017</u>
Net pension liability	<u>\$ 4,843,721</u>	<u>\$ 4,858,338</u>

More detailed information about the net pension liability can be found in Notes 8 and 9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Benton Fire District No. 4's management considered many factors when setting a fiscal year December 31, 2019 budget. Amounts available for appropriations in 2019 are expected remain substantially the same as 2018.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Benton Fire District No. 4 and to show the Benton Fire District No. 4's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Benton Fire District No. 4, at P.O. Box 521, Benton, Louisiana 71006.

Benton Fire District No. 4
 Benton, Louisiana
 Statement of Net Position
 December 31, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 96,635
Investments	214,565
Accounts receivable	
Ad valorem taxes	3,268,350
Other	1,906
Capital assets	
Depreciable (net)	1,883,619
Non-depreciable	55,730
Total assets	5,520,805
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,720,772
LIABILITIES	
Accounts payable	3,697
Accrued expenses	190,456
Long-term liabilities:	
Due within more than one year	4,843,721
Total liabilities	5,037,874
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	
Ad valorem taxes	3,370,368
Pension related	408,010
Total deferred inflows of resources	3,778,378
NET POSITION (DEFICIT)	
Investment in capital assets	1,939,349
Unrestricted (deficit)	(3,514,024)
Total net position (deficit)	\$ (1,574,675)

See accompanying notes to the basic financial statements.

Benton Fire District No. 4
 Benton, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2018

	Governmental Activities
Expenses:	
General government	\$ 104,937
Public safety - fire protection	4,034,406
Total expenses	4,139,343
Program revenues:	
Capital grants and contributions	5,000
Operating grants and contributions	218,554
Net program expenses	(3,915,789)
General revenues:	
Ad valorem taxes	3,313,231
Intergovernmental - fire insurance rebate	87,842
Interest and dividends	45,906
Miscellaneous	1,237
Total general revenues	3,448,216
Change in net position	(467,573)
Net position (deficit) - beginning, as restated	(1,107,102)
Net position (deficit) - ending	\$ (1,574,675)

See accompanying notes to the basic financial statements.

Benton Fire District No. 4
 Benton, Louisiana
 Balance Sheet
 Governmental Fund
 December 31, 2018

	General Fund
Assets	
Cash and cash equivalents	\$ 96,635
Investments	214,565
Accounts receivable	
Ad valorem taxes	3,268,350
Other	1,906
Total assets	\$ 3,581,456
Liabilities	
Accounts payable	\$ 3,697
Accrued expenses	190,456
Total liabilities	194,153
Deferred inflows of resources	
Unavailable revenue	
Ad valorem taxes	3,370,368
Total deferred inflows of resources	3,370,368
Fund balance	
Unassigned	16,935
Total fund balance	16,935
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.	1,939,349
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are not available in the governmental funds.	
Deferred outflows - pension related	1,720,772
Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(4,843,721)
Deferred inflows - pension related	(408,010)
Total adjustments	(3,521,650)
Net position (deficit) of governmental activities	\$ (1,574,675)

See accompanying notes to the basic financial statements.

Benton Fire District No. 4
 Benton, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund
 For the Year Ended December 31, 2018

	General Fund
Revenues	
Ad valorem taxes	\$ 3,313,231
Intergovernmental-fire insurance rebate	87,842
Interest and dividends	45,906
Miscellaneous	1,237
Total revenues	3,448,216
Expenditures	
Current:	
General government	104,937
Public Safety	3,340,466
Total expenditures	3,445,403
Excess of revenues over (under) expenditures	2,813
Fund balance at beginning of year	14,122
Fund balance at end of year	\$ 16,935

See accompanying notes to the basic financial statements.

Benton Fire District No. 4
 Benton, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2018

Net change in fund balance - total governmental funds	\$	2,813
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$218,129) exceeded capital outlay (\$0) in the current period.</p>		
		(218,129)
<p>Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.</p>		
		5,000
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Non-employer contributions to cost-sharing pension plan		218,554
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.</p>		
Pension expense		<u>(475,811)</u>
Change in net position of governmental activities	\$	<u><u>(467,573)</u></u>

See accompanying notes to the basic financial statements.

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018

INTRODUCTION

The Benton Fire District No. 4 (the District) was created by the Bossier Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on November 10, 1987 by ordinance number 2096. The District is governed by a five member board of commissioners appointed by the Bossier Parish Police Jury, the Town of Benton, and by the commissioners themselves. The Board of Commissioners received no compensation during 2018. The District is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The Benton Fire District No. 4's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Benton Fire District No. 4 are discussed below.

A. Reporting Entity

The District is a component unit of the Bossier Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints or ratifies a voting majority of the board and has the ability to impose its will on them.

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

B. Basic Financial Statements – Government-Wide Statements

The Benton Fire District No. 4's basic financial statements include both government-wide (reporting the funds maintained by the Benton Fire District No. 4 as a whole) and fund financial statements (reporting the Benton Fire District No. 4's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Benton Fire District No. 4's general fund is classified as governmental activities. The Benton Fire District No. 4 does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Benton Fire District No. 4's net position are reported in two parts – investment in capital assets (net of related debt), and unrestricted net position.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Benton Fire District No. 4's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The District's program revenues consist of non-employer contributions to cost-sharing pension plan and donation of capital asset. The net costs (by function) are normally covered by general revenues.

This government-wide focus is more on the sustainability of the Benton Fire District No. 4 as an entity and the change in the Benton Fire District No. 4's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Benton Fire District No. 4 are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Benton Fire District No. 4:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Benton Fire District No. 4:

- a. General funds are the general operating funds of the Benton Fire District No. 4. They are used to account for all financial resources except those required to be accounted for in another fund.

The emphasis in fund financial statements is on the major funds in the governmental category. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District's general fund was determined to be a major fund.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The governmental funds in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Benton Fire District No. 4 consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. The 2018 tax levy is intended to fund the 2019 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. Depreciation is not recognized in the governmental fund financial statements.

E. Budgets

The District uses the following budget practices:

1. A preliminary budget for the ensuing year is prepared by the fire chief prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year.
2. After completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution.
3. All budgetary appropriations lapse at the end of each fiscal year.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

4. The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board.
5. The budget is adopted on a cash basis for all funds. The original budget was amended one time during 2018. The amendments are reflected in the budgetary comparisons included in the accompanying financial statements.

F. Cash, Cash Equivalents, and Investments

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

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are carried at cost, which approximates market.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Apparatus	5 – 35 years
Buildings	20 – 40 years
Vehicle improvements	10 – 20 years
Equipment	5 – 25 years

H. Compensated Absences

The District follows leave policies set forth in Louisiana Revised Statutes 33:1995, et. al. After having served one year, firemen shall be entitled to an annual vacation of eighteen days with full pay. This vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days, all of which shall be with full pay. Vacation pay not used by December 31 of each year is forfeited.

Firemen are entitled to full pay during sickness for a period of not less than fifty-two weeks per year.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. Deferred Inflows / Outflows of Resources

The District's governmental activities and governmental funds report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. On the fund balance sheet, the District reports unavailable revenue from property taxes and other amounts. On the statement of net position, the District reports unavailable revenue from property taxes and pension-related amounts. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or the period for which they are levied and budgeted.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources related to pensions reported in the government-wide statement of net position.

K. Net Position

Government-wide net position is divided into two components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the district's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

L. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the board of commissioners (the district's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of commissioners remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

The district's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

M. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

(2) Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Operating	20.09	20.09	2027

(3) Cash, Cash Equivalents and Investments

At December 31, 2018, the District had cash, cash equivalents, and investments (book balances) totaling \$311,200, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2018 (book balances) totaled \$96,635. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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.

B. Investments

At December 31, 2018, Benton Fire District #4 had investments consisting of certificates of deposits totaling \$214,565. The investments are presented in the financial statements at fair value using level 2 fair value measure.

The certificate of deposit had a maturity greater than 90 days. The certificate of deposit is carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2018, the District's bank balance of \$314,458 did not exceed the FDIC insured limits.

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to the Financial Statements
 December 31, 2018
 (Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at Jan. 1, 2018	Additions	Deletions	Balance at Dec. 31, 2018
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 15,450	\$	\$	\$ 15,450
Idle	40,280			40,280
Total capital assets, not being depreciated, at historical cost	<u>55,730</u>			<u>55,730</u>
Capital assets, being depreciated:				
Buildings	1,105,542			1,105,542
Equipment	483,046			483,046
Vehicle improvements	36,656			36,656
Apparatus	3,007,684	5,000		3,012,684
Leasehold improvements	62,917			62,917
Total capital assets, being depreciated, at historical cost	<u>4,695,845</u>	<u>5,000</u>		<u>4,700,845</u>
Less accumulated depreciation:				
Buildings	(416,167)	(55,121)		(471,288)
Equipment	(367,185)	(29,210)		(396,395)
Vehicle improvements	(26,349)	(1,220)		(27,569)
Apparatus	(1,788,085)	(132,578)		(1,920,663)
Leasehold improvements	(1,311)			(1,311)
Total accumulated depreciation	<u>(2,599,097)</u>	<u>(218,129)</u>		<u>(2,817,226)</u>
Total capital assets, being depreciated, net	<u>2,096,748</u>	<u>(213,129)</u>		<u>1,883,619</u>
Governmental capital assets, net	<u>\$ 2,152,478</u>	<u>\$ (213,129)</u>	<u>\$</u>	<u>\$ 1,939,349</u>

Depreciation expense for the year ended December 31, 2018, was \$218,129.

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

(5) Accrued Expenses

Accrued expenses at December 31, 2018 consisted of the following:

Accrued payroll	\$ 87,679
Payroll taxes and benefits	<u>102,777</u>
	<u>\$ 190,456</u>

(6) Risk Management

The District purchases commercial insurance to provide workers compensation and general liability and property insurance. There were no significant reductions in insurance coverages from the prior year.

(7) Leases

For the year ended December 31, 2018, the District had two operating leases on certain properties that are utilized by the district. Lease payments on these leases for the year ended December 31, 2018 were \$500. The minimum annual commitments under non-cancelable operating leases are as follows:

Year Ending December 31,

2019	\$ <u>500</u>
------	---------------

(8) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability	\$ 4,858,338	\$ _____	\$ (14,617)	\$ 4,843,721	\$ _____
Total long-term liabilities, governmental activities	<u>\$ 4,858,338</u>	<u>\$ _____</u>	<u>\$ (14,617)</u>	<u>\$ 4,843,721</u>	<u>\$ _____</u>

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

(9) Pension Plan

The District participates in the State of Louisiana Firefighters' Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

PLAN DESCRIPTION

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief 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.

Eligibility Requirements

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. Membership in the System is a condition of employment for any full-time firefighters (or any person in a position as defined in the municipal fire and police civil service system) who earn at least \$375 per month, excluding state supplemental pay, 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.

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

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

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 years, 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 DROP, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are 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 withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increased, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in form of "X x (A+B)," where "X" is any amount up to \$1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

CONTRIBUTIONS

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2018, employer and employee contributions for members above the poverty line were 26.50% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.00%, respectively. The District's contributions to the System for the years ended December 31, 2018, 2017, and 2016 were \$525,604, \$508,543, and \$488,053, respectively. Included in contributions are contributions for the month of December 2018 in the amount of \$42,742 which were paid in January 2019.

Non-employer contributions

According to state statute, the System receives insurance premium tax funds from the state of Louisiana. The tax is considered support from a non-employer contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended December 31, 2018, and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended December 31, 2018 were \$218,554.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2018, the District reported a liability of \$4,843,721 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2018 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was .842082%, which was a decrease of .005522% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the District recognized pension expense of \$1,003,134, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(790).

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 368,661
Changes of assumptions	337,898	767
Net difference between projected and actual earnings on pension plan investments	314,962	
Changes in proportion and differences between employer contributions and proportionate share of contributions	807,972	38,582
Employer contributions subsequent to the measurement Date	<u>259,940</u>	
Total	<u>\$ 1,720,772</u>	<u>\$ 408,010</u>

The District reported a total of \$259,940 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year	Amount
2019	\$ 446,439
2020	262,210
2021	47,490
2022	191,846
2023	107,783
2024	<u>(2,946)</u>
Total	<u>\$ 1,052,822</u>

ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

In February of 2017, the Board of Trustees adopted a recommendation to reduce the long-term rate of return assumption. The recommendation was formed after an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System's investment consultants, New England Pension Consultants. Based on this analysis and after discussions with the Board, a plan was approved to reduce the 7.50% valuation interest rate in effect for Fiscal 2016 actuarial funding valuation to 7.00% over the coming five actuarial valuations with reductions of 0.10% each year. Therefore, the assumed rate of return for Fiscal 2018 actuarial

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

funding valuation was set at 7.30%. In addition, the inflation rate will be reduced over the coming valuations. For 2018, an assumed rate of inflation of 2.70% was implicit in the assumed rate of return.

The actuarial assumptions used in the June 30, 2018 valuation were based on the assumptions used in the June 30, 2018, actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return	7.30% per annum (net of investment expenses, including inflation) (decreased from 7.4% in 2017)
Inflation Rate	2.700% per annum (decreased from 2.775% in 2017)
Salary increases	Vary from 15.0% in the first two years of service to 4.75% with 25 years or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	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 data 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. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

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

(Continued)

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Financial Statements
 December 31, 2018
 (Continued)

adding expected inflation, 2.75%. The resulting long term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income	26%	1.76%
Equity	54%	6.78%
Alternatives	10%	6.56%
Other	10%	4.60%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.30%. 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 the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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 7.30%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2018.

	<u>Changes in Discount Rate</u>		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>6.30%</u>	<u>7.30%</u>	<u>8.30%</u>
Net Pension Liability	\$ 7,068,135	\$ 4,843,721	\$ 2,974,449

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2018 were recognized in the current reporting period as pension expense except as follows:

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as 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.

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions:

The changes of 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.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense/(benefit) 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 pensions through the pension plan.

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are 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 a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2018. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

(Continued)

Benton Fire District No. 4
Benton, Louisiana
Notes to Financial Statements
December 31, 2018
(Continued)

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.la.gov.

(10) Restatement of Net Position

Net position at December 31, 2017, was restated to correct the revenue recognition of dividends received to the period for which the dividends were received and budgeted.

	<u>Net Position</u>
Balance, December 31, 2017, as previously reported	\$ (1,065,947)
Correction of interest revenue	<u>(41,155)</u>
Balance, December 31, 2017, restated	<u>\$ (1,107,102)</u>

(11) Subsequent Events

Subsequent events have been evaluated through June 27, 2019, the date the financial statements were available to be issued.

(12) Contingencies

At December 31, 2018, the District is involved in one lawsuit. The potential loss or outcome is not presently determinable.

Benton Fire District No. 4
 Benton, Louisiana
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 3,330,000	\$ 3,313,204	\$ 3,313,231	\$ 27
Intergovernmental-fire insurance rebate	99,846	87,842	87,842	
Interest income	2,500	1,750	4,751	3,001
Miscellaneous	50,000	42,328	42,392	64
Total revenues	3,482,346	3,445,124	3,448,216	3,092
Expenditures				
Current:				
General government	99,500	104,937	104,937	
Public Safety	3,378,346	3,437,091	3,422,850	14,241
Capital outlay	4,500	13,096		13,096
Total expenditures	3,482,346	3,555,124	3,527,787	27,337
Excess of revenues over (under) expenditures		(110,000)	(79,571)	30,429
Fund balances at beginning of year		110,000	187,882	77,882
Fund balances at end of year	\$	\$	\$ 108,311	\$ 108,311

See accompanying note to required supplementary information.

Benton Fire District No. 4
 Benton, Louisiana
 Notes to Required Supplementary Information
 December 31, 2018

The District's budget is adopted on a cash basis for all funds, with the exception of certain payroll related payables which are recorded by the District, and ad valorem taxes, which are budgeted in the period for which the taxes are levied. There was one amendment to the 2018 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ (79,571)
Adjustments:	
Revenue accruals – net	–
Expenditure accruals – net	<u>82,384</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 2,813</u>

Benton Fire District No. 4
 Benton, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2018

State of Louisiana Firefighters' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Agency's Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	\$ 525,604	\$ 525,604	\$	\$ 1,983,410	26.50%
2017	508,543	508,543		1,965,193	25.88%
2016	488,053	488,053		1,864,448	26.18%
2015	401,040	401,040		1,415,350	28.34%

*Amounts presented were determined as of the end of the fiscal year (December 31).

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

Benton Fire District No. 4
 Benton, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2018

State of Louisiana Firefighters' Retirement System

Year Ended June 30	Agency's Proportion of the net pension liability (asset)	Agency's Proportionate share of the net pension liability (asset)	Agency's Covered-employee payroll	Agency's Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.842080%	\$ 4,843,721	\$ 1,989,102	243.51%	74.76%
2017	0.847604%	4,858,338	1,979,039	245.49%	73.55%
2016	0.712830%	4,662,559	1,606,726	290.19%	68.16%
2015	0.616430%	3,326,920	1,310,022	253.96%	72.45%

*Amounts presented were determined as of the measurement date.

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

Benton Fire District No. 4
Benton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2018

Agency Head: J.T. Wallace, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$124,579
Benefits-insurance	6,622
Benefits-retirement	31,360

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

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

Independent Auditors' Report

Board of Commissioners
Benton Fire District No. 4

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Benton Fire District No. 4 as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Benton Fire District No. 4's basic financial statements, and have issued our report thereon dated June 27, 2019.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton Fire District No. 4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
June 27, 2019

Benton Fire District No. 4
Benton, Louisiana
Summary Schedule of Audit Findings
December 31, 2018

Summary Schedule of Prior Audit Findings

There was one finding for the prior year audit for the year ended December 31, 2017, as follows:

2017-001 - Budget

Finding: The District did not appropriately advertise its budget for 2017 prior to adoption. The District published the notice 7 days prior to the public hearing.

Recommendation: We recommend that the District implement procedures for ensuring that all provisions of the Local Government Budget Act are complied with in the future.

Current Status: The budget for 2018 was adopted in accordance with the Local Government Budget Act.

Corrective Action Plan for Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2018.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Benton Fire District No. 4
Benton, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Benton Fire District No. 4 (District), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 2 (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. Benton Fire District No. 4's (District) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management provided the requested information above with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation, except as noted below.

Exception: For one of the three bank accounts selected for testing, there was no evidence that a member of management reviewed the reconciliation for the month of October 2018.

Management's Response: This was an oversight in documenting management's approval, as this account has no activity other than interest income. Bank reconciliations are prepared by outside CPA.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Bank reconciliations selected did not have items that have been outstanding for more than 12 months.

Collections

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The District's written policies and procedures and employee job duties provide for the segregation of duties as noted above.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursements matched the related original invoices and included evidence of segregation of duties.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no finance charges or late fees on the statements selected for testing.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Contracts

14. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Contracts selected for testing were not subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Contracts tested were approved by Board, as applicable.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

One of the two contracts selected for testing were amended; the original contract terms provided for such amendments.

- d) Randomly select one payment from the fiscal period for each of the 2 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

The District did not issue any new debt for current fiscal year, nor does the District have any outstanding debt.

Other

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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

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

Cook & Morehart

Cook & Morehart
Certified Public Accountants
June 27, 2019