

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
***Of the Parishes of Terrebonne and Lafourche***  
***State of Louisiana***  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
*As of and for the Year Ended December 31, 2018*

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**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2018*

This discussion and analysis of the Bayou Blue Fire Protection District's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

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

- The net position increased as a result of this year's operations. Net position of our governmental activities increased by \$287,949, or 14%. As a result of this year's operations assets exceeded liabilities by \$2,419,902 (net position).
- During the year, expenses were \$602,648 more than the \$29,992 generated in program revenues for governmental programs. General revenues of \$890,597 added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures totaling \$287,949. This compares to last year when revenues exceeded expenses by \$134,567.
- Program expenses increased by \$275,962 or 44%.
- Total fund balance for governmental funds was \$1,288,685 an increase of \$306,339 or 24%.

**USING THIS ANNUAL REPORT**

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

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

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2018*

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

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

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

***Fund Financial Statements***

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

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

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2018*

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

Net position increased from \$2,131,953 to \$2,419,902, or about 14%. In comparison, last year net position increased by \$134,567 or about 6%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net position represents the accumulated results of all past years' operations. Our analysis below focuses on the net position and changes in net position of the governmental-type activities.

	Condensed Statement of Net Position		Dollar Change
	FY 2017	FY 2018	
Current and Other Assets	\$ 1,920,473	\$2,165,444	\$ 244,971
Capital Assets	1,149,607	1,131,217	(18,390)
<b>Total Assets</b>	<b>3,070,080</b>	<b>3,296,661</b>	<b>226,581</b>
Current Liabilities	80,247	2,646	(77,601)
<b>Deferred Inflows</b>	<b>857,880</b>	<b>874,113</b>	<b>16,233</b>
Net Invested in Capital Assets	1,149,607	1,131,217	(18,390)
Unrestricted	982,346	1,288,685	306,339
<b>Total Net Position</b>	<b>\$ 2,131,953</b>	<b>\$2,419,902</b>	<b>\$ 287,949</b>

Current assets – mainly due from tax collector, increased from the prior year because more of ad valorem taxes on the 2018 levy – this is also why the deferred inflows increased substantially from the prior year. Capital assets also decreased for the excess of depreciation over purchases of equipment and facility improvements.

	Condensed Statement of Activities		Dollar Change
	FY 2017	FY 2018	
Total program expenses	\$ (356,678)	\$ (632,640)	\$ 275,962
Total program revenues	32,738	29,992	(2,746)
<b>Net program income</b>	<b>(323,940)</b>	<b>(602,648)</b>	<b>(278,708)</b>
General revenues	458,507	890,597	432,090
<b>Change in Net Position</b>	<b>134,567</b>	<b>287,949</b>	<b>(153,382)</b>
<b>Net Position:</b>			
Beginning of the year	1,997,386	2,131,953	134,567
End of the year	<b>\$ 2,131,953</b>	<b>\$2,419,902</b>	<b>\$ 287,949</b>

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2018*

Program revenues for the governmental activities decreased slightly during the current year and program expenses increased by 44%. General revenues – ad valorem taxes, interest, and miscellaneous, increased by 48%. The net position increased by \$287,949 or 14%.

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

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

The General Fund reported total fund balance of \$1,288,685. This reflects an increase of \$306,339 or 24% from last year.

Total revenues for governmental funds were \$920,589, an increase from the prior year. The increase was mostly due to the increase in Ad Valorem taxes recorded. Current expenditures for governmental activities were \$462,984, a significant increase from prior year, particularly in office supplies; gasoline diesel and oil; operating supplies; firefighter turnout gear; building maintenance; and truck maintenance. Capital expenditures for the year were \$123,661.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$877,750
<b>Amendments were made for:</b>	
Increased Ad Valorem taxes collected	78,000
<b>Total revenue amendments</b>	<b>78,000</b>
Amended Budgeted Revenues	\$955,750

Original Budgeted Expenditures	\$824,900
<b>Amendments were made for:</b>	
Decreased current expenditures	(41,500)
Decreased Capital Outlay	(154,000)
<b>Total expenditure amendments</b>	<b>(195,500)</b>
Amended Budgeted Expenditures	\$629,400

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2018*

The District was in compliance with the State Budget Laws.

**CAPITAL ASSETS**

A summary of capital assets at the beginning and end of the year is as follows:

	Beginning Balance 01/01/2018	Ending Balance 12/31/2018
LAND	\$295,380	\$295,380
CIP	-	92,506
<b>Total Non-Depr Assets</b>	<b>\$295,380</b>	<b>\$387,886</b>
<b>DEPRECIABLE ASSETS:</b>		
Stations & Improvements	190,058	190,058
Machinery & Equipment	542,231	573,386
Vehicles	1,339,255	1,339,255
Total Cost of depreciable assets	2,071,544	2,102,699
<b>ACCUMULATED DEPRECIATION:</b>		
Stations & Improvements	14,037	23,495
Machinery & Equipment	234,507	286,139
Vehicles	968,773	1,049,734
Total accumulated depreciation	1,217,317	1,359,368
Net depreciable assets	\$854,227	\$743,331
Total capital assets, net	\$1,149,607	\$1,131,216

During the year there was \$123,661 of additions to capital assets for land, improvements, and equipment. Depreciation of \$142,051 was recorded on capital assets. More detailed information about the capital assets is presented in Note 5 to the financial statements.

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

Highlights of next year's General Fund budget include:

	<u>FY 2019</u>
Anticipated revenues	\$955,091
<b>Expenditures:</b>	
Current – public safety	657,500
Capital outlay	<u>296,000</u>

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2018*

Anticipated expenditures	953,500
Excess of expenditures	1,591
<b>Fund Balance:</b>	
Beginning of the year	1,350,849
End of the year	<u><u>\$1,352,440</u></u>

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Andrew Blanchard, Chairman  
Bayou Blue Fire Protection District  
1870 Bayou Blue Road  
Houma, LA 70364

***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Commissioners of  
Bayou Blue Fire Protection District  
Houma, LA

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of Lafourche Parish Council, as of and for the year ended December 31, 2018, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

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

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

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

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

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

To the Commissioners of the  
Bayou Blue Fire Protection District  
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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2018 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Commissioners of the  
Bayou Blue Fire Protection District  
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***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2019, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
June 4, 2019



**BAYOU BLUE FIRE PROTECTION DISTRICT**

Statement of Net Position

December 31, 2018

**ASSETS**

Cash	\$ 343,764
Investments	953,926
Ad valorem taxes receivable	220,323
Due from other governments	610,604
Miscellaneous receivables	1,211
Prepaid Insurance	25,616
Deposits	10,000
Capital Assets, net of accumulated depreciation	1,131,217
<b>TOTAL ASSETS</b>	<u>3,296,661</u>

**LIABILITIES**

Accounts payable	<u>2,646</u>
<b>TOTAL LIABILITIES</b>	<u>2,646</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenue - ad valorem taxes	<u>874,113</u>
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**NET POSITION**

Net Invested in capital assets	1,131,217
Unrestricted	1,288,685
<b>TOTAL NET POSITION</b>	<u>\$ 2,419,902</u>

See notes to financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Statement of Activities - Governmental Activities  
For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Program Revenue			Net Revenue (Expense)
	Expenses	Charges for services	Operating Grants	
Public safety activities:	\$ 632,640	\$ 29,992	\$ -	\$ (602,648)
Total governmental activities	<u>\$ 632,640</u>	<u>\$ 29,992</u>	<u>\$ -</u>	<u>(602,648)</u>
<b>GENERAL REVENUES</b>				
				847,984
Ad valorem taxes				26,832
State revenue sharing				923
Other income				14,858
Interest earned				<u>890,597</u>
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				287,949
NET POSITION:				
		Beginning of year		<u>2,131,953</u>
		End of year		<u><u>\$ 2,419,902</u></u>

See notes to the financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Balance Sheet - Governmental Fund - General Fund

December 31, 2018

**ASSETS**

Cash	\$	343,764
Investments		953,926
Ad Valorem taxes receivable:		
Terrebonne Parish		133,253
Lafourche Parish		87,070
Due from tax collector:		
Terrebonne Parish		172,481
Lafourche Parish		426,645
Due from State of Louisiana		
Terrebonne Parish		6,650
Lafourche Parish		4,828
Prepaid Insurance		25,616
Deposits		10,000
Miscellaneous		1,211
TOTAL ASSETS	\$	<u>2,165,444</u>

**LIABILITIES AND EQUITY**

Accounts payable	\$	2,646
Unearned revenue:		
Terrebonne Parish		323,253
Lafourche Parish		550,860
TOTAL LIABILITIES		<u>876,759</u>

**FUND BALANCE**

Unassigned		<u>1,288,685</u>
TOTAL FUND BALANCE		<u>1,288,685</u>

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET POSITION OF GOVERNMENTAL  
ACTIVITIES ON THE STATEMENT OF NET POSITION:**

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

Add - Capital Assets	2,490,585	
Deduct - Accumulated Depreciation	<u>(1,359,368)</u>	<u>1,131,217</u>

Net assets of governmental activities \$ 2,419,902

## **BAYOU BLUE FIRE PROTECTION DISTRICT**

Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund - General Fund  
For the Year Ended December 31, 2018

### **REVENUES**

Ad Valorem Taxes	
Terrebonne Parish	\$ 275,231
Lafourche Parish	572,753
Intergovernmental:	
State Revenue Sharing	
Terrebonne	17,176
Lafourche	9,656
Fire Insurance Tax	29,992
Interest	14,858
Miscellaneous	923
<b>TOTAL REVENUES</b>	<u>920,589</u>

### **EXPENDITURES**

General government - current:	
Ad valorem tax deductions	27,605
Public safety - current:	
Salaries & Benefits	177,829
Office supplies	10,718
Gasoline/Diesel/Oil	12,077
Operating supplies	13,319
Utilities	7,016
Telephone	6,719
Insurance	36,252
Professional & Other Fees	22,920
Membership dues	375
Travel & Training	9,183
Community relations	4,941
E-911 Fire Dispatch Services	13,343
Building Repairs & Maintenance	11,977
Communication Equipment Repairs	5,338
Truck Repairs & Maintenance	124,148
Equipment Repairs & Maintenance	6,829
Total public safety - current	<u>462,984</u>
Capital expenditures	<u>123,661</u>
<b>TOTAL EXPENDITURES</b>	<u>614,250</u>
<b>NET CHANGE IN FUND BALANCE</b>	306,339
<b>FUND BALANCE</b>	
Beginning of year	982,346
End of year	<u>\$1,288,685</u>

See notes to financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2018

Net change in fund balances		\$ 306,339
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.		
Add - Capital outlay	123,661	
Deduct - Depreciation expense	<u>(142,051)</u>	(18,390)
Change in net assets - governmental activities		<u>\$ 287,949</u>

See notes to financial statements.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

**INTRODUCTION**

The Bayou Blue Fire Protection District (the District) encompasses all of the territory within the previously described boundaries of the Lafourche Parish Fire Protection District No. 5 and the Bayou Blue Fire Protection District, now named the "Bayou Blue Fire Protection District of the Parishes of Terrebonne and Lafourche". In accordance with the provisions of R.S. 40:1496(H), the Board of Commissioners are comprised of seven (7) resident property taxpayers of the District, three of which are electors and residents of said District from Terrebonne Parish and four of which are residents of said District from Lafourche Parish. Each term of office is for a length of two (2) years.

**Note 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.      Basis of Presentation**

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B.      Reporting Entity**

As the governing authority, the Lafourche Parish Government is the financial reporting entity for Lafourche Parish. Because the Lafourche Parish Government could by definition in statute be financially burdened by the Bayou Blue Fire Protection District, the District was determined to be a component unit of the Lafourche Parish Government. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Lafourche Parish Government, the general government services provided by that governmental unit, or any other governmental reporting entity. The accompanying financial statements will be included in the comprehensive annual financial report (CAFR) of the Lafourche Parish Government.

**C.      Fund Accounting**

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

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

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

**C.      Fund Accounting (continued)**

***Governmental Fund Type***

Governmental funds account for all the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

**D.      Measurement Focus / Basis of Accounting**

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

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

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

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

**D.      Measurement Focus / Basis of Accounting (continued)**

*Fund Financial Statements (FFS) (continued)*

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

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2017 property taxes which were levied to finance the 2018 budget are recognized as revenue in 2018. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

*Government-Wide Financial Statements (GWFS)*

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

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

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

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

**D.      Measurement Focus / Basis of Accounting (continued)**

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

**E.      Use of Estimates**

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

**F.      Operating Budgets**

As required by Louisiana Revised Statutes, The Board of Commissioners adopted a budget for the District's General Fund. The Board must approve any amendment involving the transfer of monies from one function to another, or increases in expenditures. The district amended its budget for the year ended December 31, 2018 as required. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**G.      Cash and Investments**

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

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2018

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

**H.      Receivables**

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

**I.      Capital Assets**

Capital assets are recorded at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>CATEGORY</u>	<u>LIFE</u>
BUILDINGS	40 YEARS
TRUCKS	20 YEARS
MACHINERY & EQUIPMENT	5 YEARS

**J.      Fund Equity**

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

1. Net invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
2. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “net invested in capital assets.”

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2018

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

**K.      Fund Equity (continued)**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

**Note 2      DEPOSITS AND INVESTMENTS**

Deposit balances at year end are as follows:

	<b>Per Bank</b>	<b>Reported</b>
Cash	\$343,373	\$343,764
Certificates of Deposit	108,352	108,352
Totals	\$451,726	\$452,116

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the Bayou Blue Fire Protection District.

**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

**Note 2**                      **DEPOSITS AND INVESTMENTS (continued)**

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end \$201,726 of the bank balance was exposed to custodial credit risk. These deposits were covered by securities pledged.

**Investments:**

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Certificates of Deposit	\$108,352	\$108,352	
Louisiana Asset Management Pool (LAMP)	845,574	845,574	Less than one year
<b>Totals</b>	<b>\$953,926</b>	<b>\$953,926</b>	

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

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

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days.



**BAYOU BLUE FIRE PROTECTION DISTRICT**  
**Of the Parishes of Terrebonne and Lafourche, State of Louisiana**  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

**Note 5                      CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deletions & Adjustments	Ending Balance
LAND	\$259,380	\$-	\$-	\$295,380
CIP	-	92,506		92,506
	<b>\$295,380</b>	<b>\$92,506</b>	-	<b>\$387,886</b>
<b>DEPRECIABLE ASSETS:</b>				
Stations & Improvements	190,058	-	-	190,058
Machinery & Equipment	542,231	31,155	-	573,386
Vehicles	1,339,225	-	-	1,339,255
Total Cost of depreciable assets	<b>2,071,544</b>	<b>31,155</b>	-	<b>2,102,699</b>
<b>ACCUMULATED DEPRECIATION:</b>				
Stations & Improvements	14,036	9,459	-	23,495
Machinery & Equipment	234,507	51,632	-	286,139
Vehicles	968,774	80,960	-	1,049,734
Total accumulated depreciation	<b>1,217,317</b>	<b>142,051</b>	-	<b>1,359,368</b>
Net depreciable assets	<b>\$1,149,607</b>			<b>\$1,131,216</b>

Depreciation Expense of \$142,051 was recorded in the governmental activities.

**Note 6                      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; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed and also participates in the Parish's risk management program for auto liability. The District's premiums for auto liability are based on claims experience, vehicle type and mileage. The Parish handles all claims filed against the District.

***REQUIRED SUPPLEMENTAL  
INFORMATION***

## BAYOU BLUE FIRE PROTECTION DISTRICT

Budget Comparison Schedule - General Fund  
For the Year Ended December 31, 2018

	Budgets		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes:				
Terrebonne Parish	\$ 300,000	\$ 300,000	\$ 275,231	\$ (24,769)
Lafourche Parish	520,000	598,000	572,753	(25,247)
Intergovernmental:				
State Revenue Sharing:				
Terrebonne Parish	9,000	9,000	17,176	8,176
Lafourche Parish	13,500	13,500	9,656	(3,844)
Fire Insurance Tax	30,000	30,000	29,992	(8)
Interest	5,000	5,000	14,858	9,858
Miscellaneous	250	250	923	673
<b>TOTAL REVENUES</b>	<u>877,750</u>	<u>955,750</u>	<u>920,589</u>	<u>(35,834)</u>
<b>EXPENDITURES</b>				
General government - current:				
Ad valorem tax deductions	26,800	26,800	27,605	(805)
Ad valorem tax adjustments	36,000	36,000	-	36,000
<b>Total general government - current</b>	<u>62,800</u>	<u>62,800</u>	<u>27,605</u>	<u>35,195</u>
Public safety - current:				
Salaries & benefits	228,600	198,600	177,829	20,771
Office supplies	12,700	12,700	10,718	1,982
Gasoline/Diesel/Oil	8,000	8,000	12,077	(4,077)
Operating supplies	4,500	4,500	13,319	(8,819)
Fire Fighter Turnout Gear	65,000	65,000	-	65,000
Utilities	7,500	7,500	7,016	484
Telephone	6,500	6,500	6,719	(219)
Insurance	36,800	25,300	36,252	(10,952)
Professional Fees	27,200	27,200	22,920	4,280
Membership dues	300	300	375	(75)
Travel & Training	12,000	12,000	9,183	2,817
Community relations	5,000	5,000	4,941	59
E-911 Fire Dispatch Services	15,000	15,000	13,343	1,657
Building Repairs & Maintenance	6,000	6,000	11,977	(5,977)
Communication Equipment Repa	4,000	4,000	5,338	(1,338)
Truck Repairs & Maintenance	45,000	45,000	124,148	(79,148)
Equipment Repairs & Maintenance	8,000	8,000	6,829	1,171
<b>Total public safety - current</b>	<u>492,100</u>	<u>450,600</u>	<u>462,984</u>	<u>(33,155)</u>
Capital expenditures	270,000	116,000	123,661	(7,661)
<b>TOTAL EXPENDITURES</b>	<u>824,900</u>	<u>629,400</u>	<u>614,250</u>	<u>(5,621)</u>
<b>NET CHANGE IN FUND BALANCE</b>	52,850	326,350	306,339	(20,011)
<b>FUND BALANCES</b>				
Beginning of year	982,346	982,346	982,346	-
End of year	<u>\$1,035,196</u>	<u>\$1,308,696</u>	<u>\$1,288,685</u>	<u>(\$20,011)</u>

***OTHER INFORMATION***

**BAYOU BLUE FIRE PROTECTION DISTRICT**

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended December 31, 2018

Agency Head Name: Mr. Andrew Blanchard, Chairman

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

*This form is prepared to satisfy the reporting requirement under R.S. 24:513(A)(3).*

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



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Commissioners of  
Bayou Blue Fire Protection District  
Houma, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bayou Blue Fire Protection District, a component unit of Lafourche Parish Government as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated June 4, 2019.

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

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

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

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

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

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

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

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

*Stagni & Company*

June 4, 2019  
Thibodaux, Louisiana



***BAYOU BLUE FIRE  
PROTECTION DISTRICT***

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

***As of and for the Year Ending  
December 31, 2018***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## AGREED-UPON PROCEDURES REPORT

Bayou Blue Fire Protection District

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

For the Period January 1, 2018 – December 31, 2018

To the Board Members of the  
Bayou Blue Fire Protection District and  
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Bayou Blue Fire Protection District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

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

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for each type of revenue or 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).

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

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

- *The policy for 1(f) does not address 1) the legal review.*
- *The policy for 1(i) does not address 4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.*

**Management's Response:** *The Board will consider if the policies noted with exceptions should be changed.*

### **Board or Finance Committee**

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.



**STAGNI & COMPANY, LLC**

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

### ***Bank Reconciliations***

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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:
  - 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);
  - 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); and
  - 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.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

### ***Collections***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.



- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

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

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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).
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.
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.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

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

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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.

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

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

**Results:** We chose 1 monthly statement for each of the 3 such accounts of the District. *The supporting documentation for the monthly statements were reviewed and were approved, however they were approved by the authorized card holder for payment. No finance charges or late fees were assessed on the selected statements.*

**Management's Response:** *According to the Board's policy, the Chief, who is an authorized card holder, matches all detailed receipts to the monthly statement and approves the payment. The Board authorizes the payment based on his approval.*



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).

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

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

### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** *This procedure is not applicable to the District.*

### **Contracts**

15. 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:

- 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.



- 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).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 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.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

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

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.



**Results:** *The quarterly 941 payroll tax form that was due by April 30, 2018 was not filed by the required deadline. Penalties and interest were charged for failure to make proper federal tax deposits for the months of August and September 2018.*

**Management's Response:** The late payments were due to a change in accounting and personnel.

### **Ethics**

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**Results:** *We tested 7 Board members, five did not have the documentation required. There was no documentation through signature verification that the entity's ethics policy was read during the fiscal period.*

**Management's response:** *All Board members will be reminded that according to their policy each active employee and each public official of the Board are required to complete the ethics testing online each calendar year. The written signature verification is not required in the current policy. The Board will consider revising the policy.*

### **Debt Service**

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

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

### **Other**

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.



24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** *The District did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

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

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

*Stagni & Company*

Thibodaux, LA  
June 4, 2019



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STAGNI & COMPANY, LLC

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