

**TANGIPAHOA PARISH RURAL FIRE PROTECTION DISTRICT NO. 2
(A COMPONENT UNIT OF THE TANGIPAHOA PARISH GOVERNMENT)
AMITE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Table of Contents
As of and For the Year Ended December 31, 2018

| | Exhibit | Schedule | Page |
|--|---------|----------|---------|
| Independent Auditor's Report | - | - | 1 - 3 |
| Required Supplementary Information (Part I): Management's Discussion and Analysis | - | - | 5 - 9 |
| Basic Financial Statements: | | | |
| Statement of Net Position | A | - | 11 |
| Statement of Activities | B | - | 12 |
| Governmental Fund Balance Sheet | C | - | 13 |
| Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position | D | - | 14 |
| Statement of Governmental Fund Revenues, Expenditures, Change in Fund Balance | E | - | 15 |
| Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Change in Fund Balance to the Government-Wide Statement of Activities | F | - | 16 |
| Combining Statement of Net Position - Discretely Presented Component Units | G | | 17 |
| Combining Statement of Activities - Discretely Presented Component Units | H | | 18 |
| Notes to Financial Statements | - | - | 19 - 35 |
| Required Supplemental Information: | | | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual | - | 1 | 37 |
| Other Supplemental Information: | | | |
| Schedule of Compensation, Benefits and Other Payments to Agency Head | - | 2 | 39 |
| Other Independent Auditor's Report and Findings, Recommendations, and Responses: | | | |
| 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 <i>Government Auditing Standards</i> | - | - | 41 - 42 |
| Summary Schedule of Prior Audit Findings | - | - | 43 |
| Schedule of Current Year Audit Findings | - | - | 44 - 45 |



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners of
Tangipahoa Parish Rural Fire Protection District No. 2
Amite, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate discretely presented component units of the Tangipahoa Parish Rural Fire Protection District No. 2 (the District) a component unit of the Tangipahoa Parish Government, Amite, Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate discretely presented component units of the Tangipahoa Parish Rural Fire Protection District No. 2 of Amite City, Louisiana, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows 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 budgetary comparison schedules on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not required part of the basic financial statements.

This schedule of compensation, benefits, and other payments to agency head is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2019, on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.


Certified Public Accountant

June 24, 2019

Required Supplemental Information (Part I):
Management's Discussion and Analysis

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Management's Discussion and Analysis
For the Year Ended December 31, 2018

As management of the Tangipahoa Parish Rural Fire Protection District No. 2 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2018. This Management Discussion and Analysis is designed to provide an objective and easy to read analysis of the District's financial activities based on currently known facts, decisions, or conditions. It is designed to be read in conjunction with the financial statements and to provide readers with a broad overview of District finances. It is also intended to provide readers with an analysis of the short and long-term activities of the District based on information presented in this financial report, as well as fiscal policies that have been adopted by the District. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position, identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this section should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided.

Financial Highlights

- Total assets for the year were \$16,036,496 at December 31, 2018, and exceeded liabilities in the amount of \$14,411,743 (i.e., net position). Of the total net position, the unrestricted amount was a positive \$5,790,753 and the remaining value of \$8,620,990 was invested in capital assets.
- The District's total revenues for the year increased from the prior year by 0.18% from \$6,598,947 to \$6,611,057, essentially remaining flat from the prior year.
- Expenses for the year increased by \$394,477, or 6.25%, from the prior year from \$6,312,141 to \$6,706,618.
- Total governmental net position decreased by \$95,561 over the prior fiscal year.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's financial statements consist of the following components:

- Government-Wide Financial Statements,
- Fund Financial Statements,
- Notes to the Financial Statements,
- Required Supplementary Information and
- Other Supplemental Information, which is in addition to the financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements required by Governmental Accounting Standards Board Statement 34 provide readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, seeking to give the financial statement users a broad overview of the District's financial position and results of operations similar to a private-sector business.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Management's Discussion and Analysis (Continued)

For the Year Ended December 31, 2018

- The Statement of Net Position presents information on all of the District's assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or weakening.
- The Statement of Activities presents information showing how the District'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 (e.g., uncollected taxes and earned but unused vacation time).

The government-wide financial statements include not only the District itself (known as the primary government), but also eight component units: Hammond Rural Fire Department, Inc.; Husser Volunteer Fire Department, Inc.; Independence Volunteer Fire Department, Inc.; Loranger Volunteer Fire Department, Inc.; Manchac Volunteer Fire Department, Inc.; Ponchatoula Volunteer Fire Department, Inc.; Wilmer Volunteer Fire Department, Inc.; and Eighth Ward Volunteer Fire Department, Inc. Financial information for these Volunteer Fire Departments are reported separately from the financial information presented for the primary government itself.

Government-Wide Financial Analysis

The purpose of financial analysis is to help determine whether the District is in a healthier financial state due to the current year's activities. In this analysis, data from two of the basic financial statements, the Statement of Net Position and the Statement of Activities, are presented on the next page in condensed format. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Condensed Statement of Net Position

| | 2018 | 2017 | \$ Change | % Change |
|----------------------------------|---------------|---------------|--------------|----------|
| Assets: | | | | |
| Current and Other Assets | \$ 7,345,699 | \$ 7,182,058 | \$ 163,641 | 2.28% |
| Land | 499,250 | 499,250 | - | 0.00% |
| Construction in Progress | - | 227,820 | (227,820) | -100.00% |
| Capital Assets, Net | 8,191,547 | 8,034,411 | 157,136 | 1.96% |
| Total Assets | \$ 16,036,496 | \$ 15,943,539 | \$ 92,957 | 0.58% |
| Liabilities: | | | | |
| Current Liabilities | \$ 1,571,669 | \$ 1,418,118 | \$ 153,551 | 10.83% |
| Long-Term Debt | 53,084 | - | 53,084 | - |
| Total Liabilities | \$ 1,624,753 | \$ 1,418,118 | \$ 206,635 | 14.57% |
| Net Position: | | | | |
| Net Investment in Capital Assets | \$ 8,620,990 | \$ 8,761,481 | \$ (140,491) | -1.60% |
| Unrestricted Net Position | 5,790,753 | 5,763,940 | 26,813 | 0.47% |
| Total Net Position | \$ 14,411,743 | \$ 14,525,421 | \$ (113,678) | -0.78% |

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2018

The District's assets exceeded its liabilities at the close of the most recent fiscal year by \$14,411,743 (net position). The net position of the District's governmental activities decreased by \$113,678 primarily as a result of current year depreciation expense on capital assets.

The largest portion of the District's net position (59.82%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Activities

| | 2018 | 2017 | \$ Change | % Change |
|----------------------------|---------------|---------------|--------------|----------|
| Revenues: | | | | |
| Program Revenues | \$ 272,654 | \$ 263,747 | \$ 8,907 | 3.38% |
| General Revenues | 6,338,403 | 6,335,200 | 3,203 | 0.05% |
| Total Revenues | 6,611,057 | 6,598,947 | 12,110 | 0.18% |
| Expenses: | | | | |
| Governmental Activities | 6,706,618 | 6,312,141 | 394,477 | 6.25% |
| Total Expenses | 6,706,618 | 6,312,141 | 394,477 | 6.25% |
| Change in Net Position | (95,561) | 286,806 | (382,367) | -133.32% |
| Net Position: | | | | |
| Beginning of the Year | 14,525,421 | 14,323,044 | 202,377 | 1.41% |
| Prior Period Adjustment | (18,117) | (84,429) | 66,312 | -78.54% |
| Beginning - Restated | 14,507,304 | 14,238,615 | 268,689 | 1.89% |
| Net Position - End of Year | \$ 14,411,743 | \$ 14,525,421 | \$ (113,678) | -0.78% |

While the Statement of Net Position shows the change in financial position of net position, the Statement of Activities provides answers to the nature and scope of these changes. Total Revenues increased by \$12,110, essentially remaining flat over the prior year. Total expenses increased by \$394,477 over the prior year. Although the District had expenses that were substantially the same as the prior year, less expenditures were capitalized to the Statement of Net Position in the current year resulting in higher expenses on the Statement of Activities.

Fund Financial Statements

For governmental activities, these statements depict how services were financed with a short-term focus as well as what remains for future spending. Fund financial statements provide more detail than the government-wide statements for the District's most significant funds. The fund financial statements should be viewed as providing detailed information about a specific fund rather than District as a whole.

Governmental Fund – this fund provide a short-term view for the reader of the financial statements. This fund is designed to provide the user with information on short-term inflows and outflows of spendable

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2018

resources as well as balances of those resources near the end of the year. The governmental fund is presented using an accounting method called modified accrual. Modified accrual measures cash and all other financial assets that are easily converted to cash. The financial information displayed in the governmental fund assists the user in determining if the District has sufficient financial resources to operate in the short term. The District has one major fund, which is the general fund. The general fund is reconciled back to the fund balance displayed in the governmental activities in Exhibit F.

Notes to the Financial Statements – The notes provide additional information that is necessary to fully understand the data provided in the government-wide and fund financial statements.

Other Information – Required supplementary information (budget vs. actual schedules) is also presented in these financial statements. This information should be read in conjunction with the financial statements.

Budgetary Highlights

The District adopts an annual budget in accordance with the appropriate provisions of Louisiana laws. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. A summary of the approved budget for the District's General Fund is presented below in condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as part of the basic financial statements, a more detailed schedule is also presented in Schedule 1 as supplementary information, following the footnotes to the financial statements.

Total revenues for the General Fund exceeded budgeted revenues by \$92,135. Actual expenditures exceeded budgeted expenditures by \$44,074.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2018, amounts to \$8,690,797 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, fire trucks, and equipment.

The majority of the additions for the year were for the completion of a station in Hammond (\$496,702) and a new fire truck (\$342,216). The remaining purchases were generally for small equipment. Additional information on the District's capital assets can be found in the footnotes of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total outstanding debt of \$69,807. Additional information on the District's long-term debt can be found in the footnotes of this report.

Economic Factors and Next Year's Budget

For 2019, the District budgeted revenues and expenditures to remain fairly consistent with regards to 2018. Property tax collections have returned to normal following severe flooding that took place in Tangipahoa Parish in 2016, and future property tax assessments are anticipated to see steady growth over time.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2018

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dennis Crocker, Fire Administrator, 114 North Laurel Street, Amite, Louisiana 70422.

Basic Financial Statements

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Statement of Net Position
December 31, 2018

Exhibit A

| | Primary Government | Component Units |
|---|----------------------------|---------------------|
| | Governmental Activities | Units |
| Assets | | |
| Cash and Cash Equivalents | \$ 1,329,873 | \$ 4,118,757 |
| Investments | 1,029 | 304,997 |
| Ad Valorem Taxes Receivable, Net | 5,432,489 | - |
| State Revenue Sharing Receivable | 465,996 | - |
| Other Receivables | 54,528 | - |
| Due from Other Governments | - | 994,314 |
| Note Receivable - Due from Independence VFD | - | 95,858 |
| Note Receivable - Due from Loranger VFD | - | 229,948 |
| Due from Volunteer Fire Departments | 60,508 | - |
| Prepaid Assets | 1,276 | 72,172 |
| Capital Assets Not Depreciated: | | |
| Land | 499,250 | 51,880 |
| Construction in Progress | - | - |
| Capital Assets Being Depreciated, Net | 8,191,547 | 832,092 |
| Total Assets | 16,036,496 | 6,700,018 |
| Liabilities | | |
| Accounts Payable | 14,293 | 222,772 |
| Payroll & Related Liabilities Payable | - | 90,535 |
| Ad Valorem Tax Deduction Payable | 215,040 | - |
| Due to Volunteer Fire Departments | 1,325,613 | - |
| Due to Other Governments | - | 69,539 |
| Current (Short-Term) Obligations | 16,723 | 34,975 |
| Non-Current (Long-Term) Obligations | 53,084 | 288,460 |
| Total Liabilities | 1,624,753 | 706,281 |
| Net Position | | |
| Net Investment in Capital Assets | 8,620,990 | 883,972 |
| Restricted for: | | |
| Other Purposes | - | 5,109,765 |
| Unrestricted | 5,790,753 | - |
| Total Net Position | \$ 14,411,743 | \$ 5,993,737 |

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Exhibit B

Amite, Louisiana
Statement of Activities

For the Year Ended December 31, 2018

| Functions / Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | |
|---|---------------------|-------------------------|--|--|--|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary | Component |
| | | | | | Governmental Activities | Units Governmental Activities |
| Primary Government: | | | | | | |
| Administration | \$ 267,655 | \$ - | \$ - | \$ - | \$ (267,655) | \$ - |
| Pension Fund Mandate Deduction | 215,040 | - | - | - | (215,040) | - |
| Fire Contract Payments | 4,679,284 | - | - | - | (4,679,284) | - |
| 2% Fire Insurance Rebate Payments | 325,940 | - | - | - | (325,940) | - |
| Municipal Fire Insurance Protection | 272,654 | 272,654 | - | - | - | - |
| Depreciation Expense | 946,045 | - | - | - | (946,045) | - |
| Total Primary Government | <u>\$ 6,706,618</u> | <u>\$ 272,654</u> | <u>\$ -</u> | <u>\$ -</u> | <u>(6,433,964)</u> | <u>-</u> |
| Component Units: | | | | | | |
| Fire Protection Services | \$ 7,869,681 | \$ 248,480 | \$ 89,532 | \$ - | - | (7,531,669) |
| Total Component Units | <u>\$ 7,869,681</u> | <u>\$ 248,480</u> | <u>\$ 89,532</u> | <u>\$ -</u> | <u>-</u> | <u>(7,531,669)</u> |
| General Revenues: | | | | | | |
| Ad Valorem Taxes | | | | | 5,472,123 | - |
| State Revenue Sharing | | | | | 465,996 | - |
| 2% Fire Insurance Rebate | | | | | 325,940 | - |
| Fire Contract Revenue | | | | | - | 4,366,048 |
| State Supplemental Pay | | | | | 6,000 | 151,533 |
| Interest Income | | | | | 64,505 | 96,723 |
| Gain on Sale of Asset | | | | | 3,839 | - |
| Miscellaneous Revenue | | | | | - | 2,502,526 |
| Total General Revenues | | | | | <u>6,338,403</u> | <u>7,116,830</u> |
| Change in Net Position | | | | | (95,561) | (414,839) |
| Net Position - Beginning of Year - Originally Stated | | | | | 14,525,421 | 6,427,428 |
| Prior Period Adjustment | | | | | (18,117) | (18,852) |
| Beginning - Restated | | | | | <u>14,507,304</u> | <u>6,408,576</u> |
| Net Position - End of Year | | | | | <u>\$ 14,411,743</u> | <u>\$ 5,993,737</u> |

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Governmental Fund Balance Sheet
December 31, 2018

Exhibit C

| | General Fund |
|---|----------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 1,329,873 |
| Investments | 1,029 |
| Ad Valorem Taxes Receivable, Net | 5,432,489 |
| State Revenue Sharing Receivable | 465,996 |
| Other Receivables | 54,528 |
| Due from Volunteer Fire Departments | 60,508 |
| Prepaid Assets | 1,276 |
| Total Assets | \$ <u>7,345,699</u> |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Accounts Payable | \$ 14,293 |
| Ad Valorem Tax Deduction Payable | 215,040 |
| Due to Volunteer Fire Departments | <u>1,325,613</u> |
| Total Liabilities | <u>1,554,946</u> |
| Fund Balance: | |
| Unassigned | <u>5,790,753</u> |
| Total Fund Balance | <u>5,790,753</u> |
| Total Liabilities and Fund Balance | \$ <u>7,345,699</u> |

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
December 31, 2018

Exhibit D

Total Governmental Fund Balance (Exhibit C) \$ 5,790,753

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 governmental fund. 8,690,797

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

| | |
|-------------------------------------|-----------------|
| Current (Short-Term) Obligations | (16,723) |
| Non-Current (Long-Term) Obligations | <u>(53,084)</u> |

Net Position of Governmental Activities (Exhibit A) \$ 14,411,743

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

Exhibit E

Statement of Governmental Fund Revenues, Expenditures, and
Change in Fund Balance
For the Year Ended December 31, 2018

| | General Fund |
|---|-----------------|
| Revenues: | |
| Ad Valorem Taxes | \$ 5,472,123 |
| Intergovernmental Revenues: | |
| State Revenue Sharing | 465,996 |
| 2% Fire Insurance Rebate | 325,940 |
| Interest Income | 64,505 |
| State Supplemental Pay | 6,000 |
| Municipal Fire Protection Revenue | 272,654 |
| Total Revenues | 6,607,218 |
| Expenditures: | |
| Public Safety - Fire Protection: | |
| Administration: | |
| Salaries & Related Benefits | 118,901 |
| Accounting & Audit | 89,390 |
| Data Processing | 412 |
| Fuel | 1,795 |
| Insurance | 14,680 |
| Office Supplies & Postage | 1,993 |
| Legal & Professional | 1,224 |
| Memberships & Dues | 673 |
| Repairs & Maintenance | 7,614 |
| Supplies | 5,764 |
| Swiftwater Program | 140 |
| Telephone | 2,589 |
| Training | 1,794 |
| Utilities | 225 |
| Miscellaneous | 20,461 |
| Pension Fund Mandate Deduction | 215,040 |
| Fire Contract Payments | 5,477,442 |
| 2% Fire Insurance Rebate Payments | 325,940 |
| Municipal Fire Insurance Protection | 272,654 |
| Capital Outlay | 8,255 |
| Total Expenditures | 6,566,986 |
| Excess of Revenues over Expenditures | 40,232 |
| Other Financing Sources (Uses): | |
| Sale of Assets | 5,400 |
| Total Other Financing Sources (Uses) | 5,400 |
| Net Change in Fund Balance | 45,632 |
| Fund Balance - Beginning - Originally Stated | 5,763,940 |
| Prior Period Adjustment | (18,819) |
| Beginning - Restated | 5,745,121 |
| Fund Balance - End of the Year | \$ 5,790,753 |

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

Exhibit F

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and
Change in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2018

| | | |
|--|----|--------|
| Net Change in Fund Balance, Governmental Fund (Exhibit E) | \$ | 45,632 |
|--|----|--------|

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

| | | |
|------------------------------------|--|-----------|
| Capital Outlay | | 790,392 |
| Depreciation Expense | | (946,045) |
| Gain on Disposal of Capital Assets | | (1,561) |

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

| | | |
|------------------------------|--|---------------|
| Repayments of Long-Term Debt | | <u>16,021</u> |
|------------------------------|--|---------------|

| | | |
|--|----|-----------------|
| Change in Net Position of Governmental Activities (Exhibit B) | \$ | <u>(95,561)</u> |
|--|----|-----------------|

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Exhibit G

Amite, Louisiana

Combining Statement of Net Position – Discretely Presented Component Units
December 31, 2018

| | Hammond Rural Fire Dept., Inc. | Husser Vol. Fire Dept., Inc. | Independence Vol. Fire Dept., Inc. | Loranger Vol. Fire Dept., Inc. | Manchac Vol. Fire Dept., Inc. | Ponchatoula Vol. Fire Dept., Inc. | Wilmer Vol. Fire Dept., Inc. | Eighth Ward Vol. Fire Dept., Inc. | Total |
|----------------------------------|--------------------------------------|------------------------------------|--|--------------------------------------|-------------------------------------|---|------------------------------------|---|---------------------|
| Assets | | | | | | | | | |
| Cash and Cash Equivalents | \$ 1,462,123 | \$ 120,986 | \$ 121,372 | \$ 69,450 | \$ 977,937 | \$ 811,423 | \$ 276,819 | \$ 278,647 | \$ 4,118,757 |
| Investments | 186,776 | 117,948 | 8 | 19 | 101 | 116 | 16 | 13 | 304,997 |
| Due from Other Governments | 249,818 | 83,273 | 135,964 | 91,280 | 19,217 | 224,195 | 91,280 | 99,287 | 994,314 |
| Due from Independence VFD | - | - | - | - | 95,858 | - | - | - | 95,858 |
| Due from Loranger VFD | - | - | - | 2,371 | - | 227,577 | - | - | 229,948 |
| Prepaid Assets | 4,531 | 8,321 | 3,326 | 4,726 | 10,917 | 17,462 | 7,288 | 15,601 | 72,172 |
| Capital Assets, Net | - | - | 52,728 | - | - | 112,127 | 10,340 | 708,777 | 883,972 |
| Total Assets | \$ 1,903,248 | \$ 330,528 | \$ 313,398 | \$ 167,846 | \$ 1,104,030 | \$ 1,392,900 | \$ 385,743 | \$ 1,102,325 | \$ 6,700,018 |
| Liabilities | | | | | | | | | |
| Accounts Payable | \$ 103,649 | \$ 24,578 | \$ 18,657 | \$ 21,719 | \$ 1,432 | \$ 19,998 | \$ 11,907 | \$ 20,832 | \$ 222,772 |
| Payroll & Related | | | | | | | | | |
| Liabilities Payable | 14,226 | 5,551 | 17,587 | 11,970 | - | 24,582 | 10,309 | 6,310 | 90,535 |
| Due to Other Governments | - | - | 69,539 | - | - | - | - | - | 69,539 |
| Current Obligations | - | - | 9,420 | 25,555 | - | - | - | - | 34,975 |
| Non-Current Obligations | - | - | 86,438 | 202,022 | - | - | - | - | 288,460 |
| Total Liabilities | \$ 117,875 | \$ 30,129 | \$ 201,641 | \$ 261,266 | \$ 1,432 | \$ 44,580 | \$ 22,216 | \$ 27,142 | \$ 706,281 |
| Net Position | | | | | | | | | |
| Net Investment in Capital Assets | \$ - | \$ - | \$ 52,728 | \$ - | \$ - | \$ 112,127 | \$ 10,340 | \$ 708,777 | \$ 883,972 |
| Restricted for: | | | | | | | | | |
| Other Purposes | 1,785,373 | 300,399 | 59,029 | (93,420) | 1,102,598 | 1,236,193 | 353,187 | 366,406 | 5,109,765 |
| Total Net Position | \$ 1,785,373 | \$ 300,399 | \$ 111,757 | \$ (93,420) | \$ 1,102,598 | \$ 1,348,320 | \$ 363,527 | \$ 1,075,183 | \$ 5,993,737 |

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Exhibit H

Amite, Louisiana

Combining Statement of Activities – Discretely Presented Component Units
For the Year Ended December 31, 2018

| | Hammond Rural Fire Dept., Inc. | Husser Vol. Fire Dept., Inc. | Independence Vol. Fire Dept., Inc. | Loranger Vol. Fire Dept., Inc. | Manchac Vol. Fire Dept., Inc. | Ponchatoula Vol. Fire Dept., Inc. | Wilmer Vol. Fire Dept., Inc. | Eighth Ward Vol. Fire Dept., Inc. | Total |
|--|--------------------------------------|------------------------------------|--|--------------------------------------|-------------------------------------|---|------------------------------------|---|--------------------|
| Expenses: | | | | | | | | | |
| Salaries & Related Benefits | \$ 1,127,727 | \$ 441,276 | \$ 881,767 | \$ 542,819 | \$ 48,066 | \$ 1,058,634 | \$ 484,734 | \$ 459,918 | \$ 5,044,941 |
| Depreciation | - | - | 26,566 | - | - | 32,120 | 10,607 | 40,413 | 109,706 |
| Fire Service Contract | 325,000 | - | - | 31,378 | - | - | 31,378 | 7,182 | 394,938 |
| Fuel | 15,178 | 10,723 | 12,052 | 9,325 | 2,300 | 26,034 | 11,750 | 17,989 | 105,351 |
| Insurance | 25,090 | 40,603 | 32,000 | 29,912 | 16,539 | 86,841 | 25,334 | 41,028 | 297,347 |
| Legal & Professional | 2,942 | 5,292 | 5,516 | 7,430 | 2,515 | 7,553 | 7,496 | 24,081 | 62,825 |
| Office Supplies & Postage | 4,059 | 612 | 4,019 | 4,563 | 1,036 | 10,197 | 6,406 | 7,485 | 38,377 |
| Station Supplies | 36,865 | 18,479 | 10,342 | 23,747 | 8,322 | 41,037 | 9,837 | 39,322 | 187,951 |
| Repairs & Maintenance | 53,451 | 57,291 | 74,458 | 43,276 | 10,556 | 62,398 | 65,306 | 108,462 | 475,198 |
| Telephone & Utilities | 16,782 | 22,906 | 12,442 | 13,433 | 7,090 | 39,076 | 13,012 | 24,959 | 149,700 |
| Training | 2,554 | 4,242 | 3,263 | 4,372 | 323 | 6,778 | 1,367 | 10,342 | 33,241 |
| Uniforms | 2,400 | 1,163 | 2,943 | 4,629 | 234 | 3,050 | 1,244 | 336 | 15,999 |
| Miscellaneous | 27,942 | 10,068 | 9,228 | 5,806 | 1,303 | 24,118 | 6,321 | 10,829 | 95,615 |
| 2% Fire Rebate Payments | - | - | - | - | - | 57,039 | - | - | 57,039 |
| Debt Service Payments | 23 | - | 9,660 | 7,686 | - | 12,932 | - | - | 30,301 |
| Equipment | 286,941 | 38,892 | 22,753 | 7,287 | 2,060 | 355,621 | 53,708 | 3,890 | 771,152 |
| Total Expenses | 1,926,954 | 651,547 | 1,107,009 | 735,663 | 100,344 | 1,823,428 | 728,500 | 796,236 | 7,869,681 |
| Program Revenues: | | | | | | | | | |
| Charges for Services | - | - | 248,480 | - | - | - | - | - | 248,480 |
| Operating Grants | - | - | - | - | - | - | - | 89,532 | 89,532 |
| Net Program (Expenses) Revenues | (1,926,954) | (651,547) | (858,529) | (735,663) | (100,344) | (1,823,428) | (728,500) | (706,704) | (7,531,669) |
| General Revenues: | | | | | | | | | |
| Ad Valorem Taxes | 978,999 | 326,333 | 363,987 | 357,711 | 75,308 | 878,589 | 357,711 | 389,089 | 3,727,727 |
| State Revenue Sharing | 89,102 | 29,701 | 33,128 | 32,556 | 6,854 | 79,963 | 32,556 | 35,412 | 339,272 |
| 2% Fire Insurance Rebate | 63,558 | 21,186 | 23,631 | 23,223 | 4,889 | 114,079 | 23,223 | 25,260 | 299,049 |
| Interest Income | 28,392 | 3,950 | 3,610 | 2,533 | 25,210 | 23,230 | 5,344 | 4,454 | 96,723 |
| State Supplemental Pay | 42,000 | - | 34,533 | 36,000 | - | 21,750 | 17,250 | - | 151,533 |
| Miscellaneous Revenue | 529,250 | 254,394 | 397,828 | 257,787 | 24,079 | 514,677 | 276,639 | 247,872 | 2,502,526 |
| Total General Revenues | 1,731,301 | 635,564 | 856,717 | 709,810 | 136,340 | 1,632,288 | 712,723 | 702,087 | 7,116,830 |
| Change in Net Position | (195,653) | (15,983) | (1,812) | (25,853) | 35,996 | (191,140) | (15,777) | (4,617) | (414,839) |
| Net Position: | | | | | | | | | |
| Beginning - Originally Stated | 1,981,026 | 316,382 | 110,014 | (56,595) | 1,066,602 | 1,539,460 | 379,304 | 1,091,235 | 6,427,428 |
| Prior Period Adjustment | - | - | 3,555 | (10,972) | - | - | - | (11,435) | (18,852) |
| Beginning - Restated | 1,981,026 | 316,382 | 113,569 | (67,567) | 1,066,602 | 1,539,460 | 379,304 | 1,079,800 | 6,408,576 |
| End of the Year | \$ 1,785,373 | \$ 300,399 | \$ 111,757 | \$ (93,420) | \$ 1,102,598 | \$ 1,348,320 | \$ 363,527 | \$ 1,075,183 | \$ 5,993,737 |

The accompanying notes are an integral part of this statement.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements

For the Year Ended December 31, 2018

Narrative Profile

The Tangipahoa Parish Rural Fire Protection District No. 2 (the "District") is a body corporate created by the Tangipahoa Parish Government as provided by Louisiana Revised Statutes (LRS). The District is governed by a board of ten commissioners, all of which are councilmen of the Tangipahoa Parish Government (the "Council"). The District was created for the purpose of providing fire protection and prevention to unincorporated areas of the Parish of Tangipahoa, Louisiana.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) the primary government (the Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, as amended by GASB Statement No. 61, established criteria for determining which component units should be considered part of the Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

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

Based on the previous criteria, the District has been determined to be a component unit of the Council.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

B. Discretely Presented Component Units

The agencies described below are included in the District because of the nature and significance of their relations with the District. To emphasize that they are legally separate from the District, they are discretely presented in the District's financial statements.

The following legally separate tax-exempt entities offer maintenance and operations of fire protection systems for constituents of the District. The Volunteer Fire Departments exist exclusively to provide a service to the District. Most of the Volunteer Fire Departments' revenue comes from appropriations from the District.

Hammond Rural Fire Department, Inc.
Husser Volunteer Fire Department, Inc.
Independence Volunteer Fire Department, Inc.
Loranger Volunteer Fire Department, Inc.
Manchac Volunteer Fire Department, Inc.
Ponchatoula Volunteer Fire Department, Inc.
Wilmer Volunteer Fire Department, Inc.
Eighth Ward Volunteer Fire Department, Inc.

Two additional Fire Departments, Natalbany Volunteer Fire Department, Inc. and Kentwood Volunteer Fire Department, Inc. are also considered to be component units; however, they are not included in the financial statements of the District as these entities have their own independent audits separate from the District and its other discretely presented component units.

C. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the District's 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 of the District. The following is the District's governmental fund:

General Fund - the primary operating fund of the District, which accounts for all the operations of the District, except those required to be accounted for in other funds.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

D. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities 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, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

The amounts reflected in the General Fund 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 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 the District's operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this 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 District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are 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 – Revenues are generally recognized when they become measurable and available as net current assets. Taxes, state revenue sharing, grants, interest revenue, and other revenues are recorded when due.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation – Explanation of differences between the governmental funds balance sheet and the government-wide statement of net position is presented in Exhibit D of the basic financial statements. Explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

Discretely Presented Component Units

The accompanying component unit financial statements for the Volunteer Fire Departments present only the financial activities of the Volunteer Fire Departments arising from appropriations received from the District, and certain other revenues. The financial statements are not intended to and do not present the financial position and results of operations in conformity with generally accepted accounting principles.

E. Budgets and Budgetary Accounting

The District adopted an operating budget for its General Fund for the fiscal year ended December 31, 2018. The budget for this fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Fire Administrator prepares a proposed budget and submits the budget to the Board of Commissioners. The 2018 budget was introduced on October 23, 2017.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. The public hearing for the 2018 budget was held on December 18, 2017.
4. Once a public hearing is held and all of the action necessary to finalize and implement the budget is completed, the budget is adopted through the passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted. The 2018 budget was adopted on December 18, 2017.
5. Copies of the adopted budgets are kept on file for public inspection.
6. Budgetary amendments due to increases or decreases in revenues or expenditures over amounts estimated require a majority vote of the Board of Commissioners. The budget was amended on December 10, 2018.
7. All budgetary appropriations lapse at the end of each year. Formal budgetary integration is not employed.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

The adopted budget constitutes the authority of the Fire Administrator to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board of Commissioners before payment.

F. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments for the District are reported at cost. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The LAMP annual report can be found at the official LAMP website. See Note 3 for additional information.

G. Receivables and Payables

All receivables are shown net of an allowance for uncollectible tax.

Property Taxes

Ad valorem taxes are levied in October and billed to the taxpayers in November. Billed taxes become delinquent as of January 1st of the following year at which time an enforceable lien is attached. The taxes are generally collected in December of the current year and January and February of the ensuing year. Ad valorem taxes and related state revenue sharing are recorded in the year the taxes are billed. The Tangipahoa Parish Sheriff / Tax Collector, on behalf of the District, bills, collects, and remits the property taxes based on assessed values determined by the Tangipahoa Parish Assessor.

For the year 2018, two separate 10.00 mill taxes (total of 20.00 mills) were levied on property within the District's boundaries. One of the 10.00 mill tax levy expires in 2023 and the other expires in 2025. Total taxes levied were \$5,549,043. At December 31, 2018, the ad valorem tax receivable was \$5,432,489. Ad valorem taxes receivable at December 31, 2018, are recorded net of a 2.0% allowance for uncollectible taxes of \$110,981.

State Revenue Sharing

For the year 2018, the District received \$465,996 in Louisiana State Revenue Sharing. At December 31, 2018, state revenue sharing receivable totaled \$465,996. The District considers this receivable fully collectible and, therefore, has not recorded an allowance for uncollectible state revenue sharing revenues.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements. Current year amounts relate to prepaid insurance costs.

I. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are recorded at their acquisition value (entry price) at the date of donation as required by GASB 72. At December 31, 2018, the District maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

J. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment and overtime worked. Vested compensated absences are recorded as expenditures when the liability is incurred. Effective July 1, 2009, any vacation leave exceeding 240 hours will be paid to the employee at the time of their anniversary date at a rate of 50% of their current pay rate. No employee will accrue vacation in excess of 240 hours. Sick leave has not been accrued as the employee's right to sick leave does not vest.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances, if any, are reported as other financing sources, while discounts on debt issuances, if any, are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

L. Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any 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.
2. Restricted – consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

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.

M. Fund Balance

In the governmental fund financial statements, fund balance is classified as follows:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for the specific purposes due to enabling legislation, State or Federal laws, or externally imposed by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of authority). These amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
4. Assigned Fund Balance – amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned Fund Balance – all amounts not included in other spendable categories.

When fund balance resources are available for a specific purpose in multiple classifications, the District will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the District's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

As of December 31, 2018, the District did not have any nonspendable, restricted, committed, or assigned fund balances.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

N. Estimates

The preparation of financial statements, in conformity with U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at year-end. See Note 1-E regarding operating budgets. The District complied with the Louisiana Local Government Budget Act in adopting its budget for the year ended December 31, 2018.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 4 regarding custodial credit risk – deposits, the District complied with the deposits and investments laws and regulations.

C. Deficit Fund Equity

As of December 31, 2018, the District's general fund did not have a deficit fund equity.

3. Cash, Cash Equivalents, and Investments

A. Primary Government

As reflected on Exhibit A, the District has cash and cash equivalents totaling \$1,329,873 and investments totaling \$1,029 at December 31, 2018. 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. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

The following is a summary of cash and investments at December 31, 2018, with the related federal deposit insurance and pledge securities:

| | |
|--|---------------------|
| Bank Balances: | |
| Insured (FDIC Insurance) | \$ 250,000 |
| Uninsured and Collateralized: | |
| Collateral held by pledging bank's trust department not in the District's name | 1,080,348 |
| Uninsured and Uncollateralized | <u>-</u> |
| Total Deposits | <u>\$ 1,330,348</u> |

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. Per GASB Statement 3, as amended by GASB 40, the District's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the District's name. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2018, the District was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

At December 31, 2018, the District's investment balances are as follows:

| | <u>Reported Amount</u> | <u>Fair Value</u> |
|----------------------------------|----------------------------|-----------------------|
| Louisiana Asset Management Pool: | | |
| Tax Fund | \$ 515 | \$ 515 |
| Administration Fund | <u>514</u> | <u>514</u> |
| Total | <u>\$ 1,029</u> | <u>\$ 1,029</u> |

Louisiana Asset Management Pool (LAMP) is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. 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 in accordance with LRS 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit Risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating / variable rate investments. The WAM for LAMP's total investments was 76 days as of December 31, 2018.
- Foreign Currency Risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

B. Discretely Presented Component Units

As reflected on Exhibit G, the discretely presented component units had cash and cash equivalents totaling \$4,118,757 and investments totaling \$304,997 at December 31, 2018.

At December 31, 2018, the discretely presented component units' investment balances are as follows:

| | Reported Amount | Fair Value |
|--|--------------------|---------------|
| Louisiana Asset Management Pool: | | |
| Fire Department Fund | \$ 414 | \$ 414 |
| Certificates of Deposit: | | |
| Hammond Rural Fire Department, Inc. | 186,652 | 186,652 |
| Husser Volunteer Fire Department, Inc. | 117,931 | 117,931 |
| Total | \$ 304,997 | \$ 304,997 |

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

At December 31, 2018, the discretely presented component units had \$4,106,138 in total deposits (collected bank balances). \$1,120,545 of deposits are in their separate accounts, with \$970,577 being secured by FDIC insurance, \$46,877 being uninsured, but collateralized with securities held by the discretely presented component units' fiscal agent banks, and the remaining \$103,091 being uninsured and subject to risk. The remaining \$2,985,593 is uninsured but collateralized with securities held by the District's custodial bank in the fiscal agent bank.

4. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

The District maintains three separate bank accounts as follows:

Tax Account – accounts for the proceeds of property tax collections prior to their disbursement to the discretely presented component units (Volunteer Fire Departments). This account is included with “Cash and Cash Equivalents” on the Governmental Fund Balance Sheet (Exhibit C).

Administrative Account – accounts for funds used by the District's Fire Administrator. This account is included with “Cash and Cash Equivalents” on the Governmental Fund Balance Sheet (Exhibit C).

Volunteer Pool Account – accounts for funds transferred from the Tax Account to be used by the discretely presented component units (Volunteer Fire Departments). The funds are pooled in a single bank account and are collectively used by all 10 Volunteer Fire Departments. This account is included with “Cash and Cash Equivalents” on the Combining Statement of Net Position – Discretely Presented Component Units (Exhibit G).

As of December 31, 2018, the District's total bank balances for all three accounts was \$6,034,012. Of this amount, \$5,784,012 was exposed to custodial credit risk. This \$5,784,012 is uninsured, but collateralized with securities held by the pledging institutions trust department or agent, but not in the District's name.

5. Receivables

A. Primary Government

Receivables represent revenues earned in 2018 and received in 2019 as follows:

| | |
|---------------------------------------|---------------------|
| Property Tax Receivable | \$ 5,432,489 |
| State Revenue Sharing Receivable | 465,996 |
| Other Receivable | <u>54,528</u> |
| Receivables at December 31, 2018, Net | <u>\$ 5,953,013</u> |

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

B. Discretely Presented Component Units

The following is a summary of receivables at December 31, 2018, for component units:

| | | |
|---|----|-----------|
| Due from Rural Fire Protection District No. 2 | \$ | 994,314 |
| Other Receivables | | 325,806 |
| | | 325,806 |
| Receivables at December 31, 2018, Net | \$ | 1,320,120 |

6. Capital Assets

A. Primary Government

Capital assets and depreciation activity as of and for the year ended December 31, 2018, are as follows:

| | Restated Balance 12/31/17 | Additions | Deletions | Ending Balance 12/31/18 |
|---|---------------------------------|-------------------|-------------------|-------------------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 499,250 | \$ - | \$ - | \$ 499,250 |
| Construction in Progress | 227,820 | 268,882 | 496,702 | - |
| Total Capital Assets Not Depreciated | 727,070 | 268,882 | 496,702 | 499,250 |
| Other Capital Assets: | | | | |
| Buildings | 4,636,482 | 496,702 | 1,776 | 5,131,408 |
| Equipment / Vehicle | 13,277,234 | 521,510 | 30,945 | 13,767,799 |
| Total Other Capital Assets | 17,913,716 | 1,018,212 | 32,721 | 18,899,207 |
| Less Accumulated Depreciation: | | | | |
| Buildings | (1,121,831) | (129,381) | (693) | (1,250,519) |
| Equipment / Vehicle | (8,670,944) | (816,664) | (30,467) | (9,457,141) |
| Total Accumulated Depreciation | (9,792,775) | (946,045) | (31,160) | (10,707,660) |
| Total Other Capital Assets, Net | 8,120,941 | 72,167 | 1,561 | 8,191,547 |
| Total | \$ 8,848,011 | \$ 341,049 | \$ 498,263 | \$ 8,690,797 |

All capital assets are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------------------|------------------------|
| Land | N/A |
| Buildings and Building Improvements | 20 - 40 Years |
| Furniture & Fixtures | 5 - 10 Years |
| Vehicles | 5 - 15 Years |
| Equipment | 5 - 10 Years |

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

B. Discretely Presented Component Units

Capital assets and depreciation activity for discretely presented component units as of and for the year ended December 31, 2018, are as follows:

| | Beginning Balance <u>12/31/17</u> | Additions | Deletions | Ending Balance <u>12/31/18</u> |
|--|---|--------------------|-------------|--------------------------------------|
| Ponchatoula Volunteer Fire Department: | | | | |
| Equipment | \$ 146,359 | 46,102 | \$ - | \$ 192,461 |
| Less: Accumulated Depreciation | <u>(48,214)</u> | <u>(32,120)</u> | <u>-</u> | <u>(80,334)</u> |
| Total | <u>\$ 98,145</u> | <u>\$ 13,982</u> | <u>\$ -</u> | <u>\$ 112,127</u> |
| Independence Volunteer Fire Department: | | | | |
| Equipment | \$ 188,387 | \$ 12,700 | \$ - | \$ 201,087 |
| Vehicles | 16,798 | - | - | 16,798 |
| Less: Accumulated Depreciation | <u>(138,591)</u> | <u>(26,566)</u> | <u>-</u> | <u>(165,157)</u> |
| Total | <u>\$ 66,594</u> | <u>\$ (13,866)</u> | <u>\$ -</u> | <u>\$ 52,728</u> |
| Wilmer Volunteer Fire Department: | | | | |
| Vehicles | \$ 157,758 | \$ - | \$ - | \$ 157,758 |
| Equipment | - | 4,294 | - | 4,294 |
| Less: Accumulated Depreciation | <u>(141,105)</u> | <u>(10,607)</u> | <u>-</u> | <u>(151,712)</u> |
| Total | <u>\$ 16,653</u> | <u>\$ (6,313)</u> | <u>\$ -</u> | <u>\$ 10,340</u> |
| Eighth Ward Volunteer Fire Department: | | | | |
| Land | \$ 51,880 | \$ - | \$ - | \$ 51,880 |
| Buildings | 672,231 | - | - | 672,231 |
| Equipment | <u>383,857</u> | <u>2,589</u> | <u>-</u> | <u>386,446</u> |
| Total | 1,107,968 | 2,589 | - | 1,110,557 |
| Less: Accumulated Depreciation | <u>(361,367)</u> | <u>(40,413)</u> | <u>-</u> | <u>(401,780)</u> |
| Total | <u>\$ 746,601</u> | <u>\$ (37,824)</u> | <u>\$ -</u> | <u>\$ 708,777</u> |
| Total Component Units Capital Assets | \$ 1,617,270 | \$ 65,685 | \$ - | \$ 1,682,955 |
| Less: Total Accumulated Depreciation | <u>(689,277)</u> | <u>(109,706)</u> | <u>-</u> | <u>(798,983)</u> |
| Total Component Units Capital Assets, Net | <u>\$ 927,993</u> | <u>\$ (44,021)</u> | <u>\$ -</u> | <u>\$ 883,972</u> |

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

7. Long-Term Debt

A. Primary Government

The following is a summary of debt transactions of the District for the year ended December 31, 2018:

| <u>Type of Debt</u> | <u>Restated Balance 01/01/18</u> | <u>Debt Issued</u> | <u>Debt Retired</u> | <u>Balance 12/31/18</u> | <u>Due Within One Year</u> |
|---------------------|--|------------------------|-------------------------|-----------------------------|------------------------------------|
| Lease Payable | \$ 85,828 | \$ - | \$ 16,021 | \$ 69,807 | \$ 16,723 |
| Total | <u>\$ 85,828</u> | <u>\$ -</u> | <u>\$ 16,021</u> | <u>\$ 69,807</u> | <u>\$ 16,723</u> |

On October 19, 2017, the District entered into a capital lease agreement at an interest rate of 4.300% with Enterprise FM Trust for the purchase of three Ford F-150 trucks, totaling \$89,514, with accumulated depreciation of \$20,886, for use by the Independence Volunteer Fire Department, Inc. and the Ponchatoula Volunteer Fire Department, Inc. The lease obligation is effective during the period October 19, 2017, through November 19, 2022. Monthly payments of \$1,616.49 began on January 19, 2018. Total payments during 2018 totaled \$16,020 of principal and \$3,377 of interest.

The annual requirements to amortize all debt outstanding for the primary government at December 31, 2018, including interest payments of \$6,168 are as follows:

| <u>Year Ended December 31,</u> | <u>Capital Lease</u> | <u>Total</u> |
|------------------------------------|--------------------------|------------------|
| 2019 | \$ 19,398 | \$ 19,398 |
| 2020 | 19,398 | 19,398 |
| 2021 | 19,398 | 19,398 |
| 2022 | <u>17,781</u> | <u>17,781</u> |
| | 75,975 | 75,975 |
| Less: Interest Portion | <u>6,168</u> | <u>6,168</u> |
| | <u>\$ 69,807</u> | <u>\$ 69,807</u> |

B. Discretely Presented Component Units

The following is a summary of debt transactions of the discretely presented component units for the year ended December 31, 2018:

| <u>Type of Debt</u> | <u>Balance 01/01/18</u> | <u>Debt Issued</u> | <u>Debt Retired</u> | <u>Balance 12/31/18</u> | <u>Due Within One Year</u> |
|---------------------|-----------------------------|------------------------|-------------------------|-----------------------------|--------------------------------|
| Notes Payable: | | | | | |
| Loranger VFD | \$ 252,377 | \$ - | \$ 24,800 | \$ 227,577 | \$ 25,555 |
| Independence VFD | <u>105,000</u> | <u>-</u> | <u>9,142</u> | <u>95,858</u> | <u>9,420</u> |
| Total | <u>\$ 357,377</u> | <u>\$ -</u> | <u>\$ 33,942</u> | <u>\$ 323,435</u> | <u>\$ 34,975</u> |

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

On March 15, 2018, the Ponchatoula Volunteer Fire Department, Inc. loaned \$284,862 to the Loranger Volunteer Fire Department, Inc. for the purchase of a fire truck. Payments are to be made annually, beginning on March 15, 2018, for 10 years, in the amount of \$32,485.28 with an interest rate of 3.00%. The note payable is classified as “Due to Ponchatoula VFD” and corresponding note receivable is classified as “Due from Loranger VFD,” both on the Combining Statement of Net Position – Discretely Presented Component Units.

On March 1, 2018, the Manchac Volunteer Fire Department, Inc. loaned \$105,000 to the Independence Volunteer Fire Department, Inc. for the purchase of a fire truck. Payments are to be made annually, beginning on March 1, 2018, for 10 years, in the amount of \$12,335.35 with an interest rate of 3.00%. The note payable is classified as “Due to Manchac VFD” and corresponding note receivable is classified as “Due from Independence VFD,” both on the Combining Statement of Net Position – Discretely Presented Component Units.

The annual requirements to amortize all debt outstanding for the discretely presented component units at December 31, 2018, including interest payments of \$47,467 are as follows:

| Year Ended December 31, | Loranger VFD | Indep. VFD | Total |
|----------------------------|-------------------|------------------|-------------------|
| 2019 | \$ 32,485 | \$ 12,335 | \$ 44,820 |
| 2020 | 32,485 | 12,335 | 44,820 |
| 2021 | 32,485 | 12,335 | 44,820 |
| 2022 | 32,485 | 12,335 | 44,820 |
| 2023 - 2026 | <u>129,943</u> | <u>61,679</u> | <u>191,622</u> |
| | 259,883 | 111,019 | 370,902 |
| Less: Interest Portion | <u>32,306</u> | <u>15,161</u> | <u>47,467</u> |
| | <u>\$ 227,577</u> | <u>\$ 95,858</u> | <u>\$ 323,435</u> |

8. On-Behalf Payments

The District follows GASB Statement No. 24, “Accounting and Financial Reporting for Certain Grants and Other Financial Assistance.” This standard requires the District to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to the District’s employees. The District is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the State. For the fiscal year ended District 31, 2018, the State paid \$6,000 in supplemental salary payments to the Fire Administrator of the District.

For the fiscal year ended December 31, 2018, the State paid supplemental salaries to the component unit’s employees in the amount of \$151,533.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)

Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

9. Contingent Liabilities

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage. Therefore, no accrual for any loss contingency has been made in the financial statements.

10. Compensation Paid to the Board of Commissioners

The following schedule of per diem payments to the Board of Commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

| | | |
|--|-----------|----------|
| Trent Forrest, Board Member (Parish Council District 1) | \$ | - |
| James Bailey, Board Member (Parish Council District 2) | | - |
| Louis "Nick" Joseph, Board Member (Parish Council District 3) | | - |
| Carlo S. Bruno, Board Member (Parish Council District 4) | | - |
| H.G. "Buddy" Ridgel, Board Member (Parish Council District 5) | | - |
| Emile "Joey" Mayeaux, Board Member (Parish Council District 6) | | - |
| Lionell Wells, Board Member (Parish Council District 7) | | - |
| David Vial, Board Member (Parish Council District 8) | | - |
| Harry Lavine, Board Member (Parish Council District 9) | | - |
| Bobby Cortez, Board Member (Parish Council District 10) | | - |
| Total | <u>\$</u> | <u>-</u> |

11. Tax Abatements

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently sixty-six tax abatements in Tangipahoa Parish, related to seventeen companies, under the Louisiana ITEP. For the 2018 calendar year, the estimated forgone ad valorem taxes due to this abatement program was \$9,353.

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

12. Prior Period Adjustment

A. Primary Government

The following prior period adjustments were made during the year:

- An adjustment of (\$18,819) was made to the General Fund to correct the state revenue sharing receivable balance in the prior year.
- An adjustment of \$702 was made to Governmental Activities to record the capitalization and long-term debt associated with new leases in the prior fiscal year.

| | General Fund | Governmental Activities |
|--|--------------|----------------------------|
| Beginning Fund Balance / Net Position, Originally Stated | \$ 5,763,940 | \$ 14,525,421 |
| State Revenue Sharing Receivable Adjustment | (18,819) | (18,819) |
| Recording Prior Year Leases | - | 702 |
| Beginning Fund Balance / Net Position, Restated | \$ 5,745,121 | \$ 14,507,304 |

As a result of the above prior period adjustments, the Change in Net Position for the year ended December 31, 2017, has been adjusted from \$286,806 to \$268,689, a difference of (\$18,117).

B. Discretely Presented Component Units

The following prior period adjustments were made during the year:

- An adjustment of \$3,555 was made to correct accrued payroll from the prior year for Independence Volunteer Fire Department, Inc.
- An adjustment of (\$10,972) was made to correct accrued wages from the prior year for Loranger Volunteer Fire Department, Inc.

| | Independence Vol. Fire Dept, Inc. | Loranger Vol. Fire Dept, Inc. | Eighth Ward Vol. Fire Dept, Inc. |
|-------------------------------------|---|-------------------------------------|--|
| Net Position, Originally Stated | \$ 110,014 | \$ (56,595) | \$ 1,091,235 |
| Correct Payroll From the Prior Year | 3,555 | (10,972) | (11,435) |
| Net Position, Restated | \$ 113,569 | \$ (67,567) | \$ 1,079,800 |

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 24, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplemental Information (Part II):

Budgetary Comparison Schedule

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual Amounts - Budgetary Basis | Variance with Final Budget Favorable / (Unfavorable) |
|--|--------------------|-----------------|---|---|
| Revenues: | | | | |
| Ad Valorem Taxes | \$ 5,400,000 | \$ 5,400,000 | \$ 5,472,123 | \$ 72,123 |
| Intergovernmental Revenues: | | | | |
| State Revenue Sharing | 470,000 | 456,933 | 465,996 | 9,063 |
| 2% Fire Insurance Rebate | 350,000 | 325,940 | 325,940 | - |
| Interest Income | 37,500 | 63,400 | 64,505 | 1,105 |
| State Supplemental Pay | 6,000 | 6,000 | 6,000 | - |
| Municipal Fire Protection Revenue | 262,900 | 262,810 | 272,654 | 9,844 |
| Total Revenues | 6,526,400 | 6,515,083 | 6,607,218 | 92,135 |
| Expenditures: | | | | |
| Public Safety - Fire Protection: | | | | |
| Administration: | | | | |
| Salaries & Related Benefits | 116,210 | 118,000 | 118,901 | (901) |
| Accounting & Audit | 85,000 | 81,890 | 89,390 | (7,500) |
| Data Processing | 350 | 350 | 412 | (62) |
| Fuel | 2,000 | 2,000 | 1,795 | 205 |
| Insurance | 17,380 | 6,650 | 14,680 | (8,030) |
| Office Supplies & Postage | 2,700 | 2,700 | 1,993 | 707 |
| Legal & Professional | 26,200 | 27,000 | 1,224 | 25,776 |
| Memberships & Dues | - | 350 | 673 | (323) |
| Repairs & Maintenance | 1,000 | 7,200 | 7,614 | (414) |
| Supplies | 10,500 | 6,500 | 5,764 | 736 |
| Swiftwater Program | 10,000 | 500 | 140 | 360 |
| Telephone | 2,500 | 2,800 | 2,589 | 211 |
| Training | 2,400 | 2,400 | 1,794 | 606 |
| Utilities | 1,600 | 500 | 225 | 275 |
| Miscellaneous | 11,800 | 25,074 | 20,461 | 4,613 |
| Pension Fund Mandate Deduction | 205,000 | 213,524 | 215,040 | (1,516) |
| Fire Contract Payments | 5,438,215 | 5,416,474 | 5,477,442 | (60,968) |
| 2% Fire Insurance Rebate Payments | 325,000 | 325,000 | 325,940 | (940) |
| Municipal Fire Insurance Protection | 275,000 | 275,000 | 272,654 | 2,346 |
| Capital Outlay | 2,000 | 9,000 | 8,255 | 745 |
| Total Expenditures | 6,534,855 | 6,522,912 | 6,566,986 | (44,074) |
| Excess of Revenues over Expenditures | (8,455) | (7,829) | 40,232 | 48,061 |
| Other Financing Sources (Uses): | | | | |
| Sale of Assets | - | - | 5,400 | 5,400 |
| Total Other Financing Sources (Uses) | - | - | 5,400 | 5,400 |
| Net Change in Fund Balance | (8,455) | (7,829) | 45,632 | 53,461 |
| Fund Balance: | | | | |
| Beginning - Originally Stated | 5,725,757 | 5,763,940 | 5,763,940 | - |
| Prior Period Adjustment | - | - | (18,819) | (18,819) |
| Beginning - Restated | 5,725,757 | 5,763,940 | 5,745,121 | (18,819) |
| End of the Year | \$ 5,717,302 | \$ 5,756,111 | \$ 5,790,753 | \$ 34,642 |

See auditor's report.

Other Supplemental Information:

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

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana

Schedule 2

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

Agency Head: Dennis Crocker, Fire Administrator

| <u>Purpose</u> | <u>Amount</u> |
|---|------------------|
| Salary | \$ 58,229 |
| Salary - Supplemental Pay | 6,000 |
| Benefits - Insurance | 14,266 |
| Benefits - Retirement | 6,696 |
| Benefits - Medicare | 940 |
| Benefits - Worker's Compensation Insurance | 198 |
| Vehicle Provided by Government (Taxed on W-2) | 687 |
| Cell Phone | 333 |
| Dues | 90 |
| Reimbursements | 423 |
| Conference Travel | 1,385 |
| | <u>\$ 89,247</u> |

See auditor's report.

**Other Independent Auditor's Report and
Findings, Recommendations, and Responses**



LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

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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 Members of the Board of Commissioners of the
Tangipahoa Parish Rural Fire Protection District No.2
Amite, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund information of the Tangipahoa Parish Rural Fire Protection District No 2 (District), Louisiana, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated June 24, 2019.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, there can be no assurance that all deficiencies, material weaknesses or significant deficiencies have been identified. During my audit, I did not identify any deficiencies in internal control that I consider a material weakness. However, material weaknesses may exist that have not been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness as defined above.

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. I did not identify any deficiencies in internal control over financial reporting that I consider to be a significant deficiency as defined above.

Tangipahoa Parish Rural Fire Protection District No.2
Independent Auditor's Report on Internal Control
and on Compliance and Other Matters- concluded

Compliance and Other Matters

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

Purpose of This Report

This report is intended solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance.

This report is intended solely for the information and use of the governing council, management, others within the entity, the Legislative Auditor, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant

June 24, 2019

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2018

| | |
|---|--|
| SECTION 1. INTERNAL CONTROL & COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS | |
| None | |
| SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS | |
| None | |
| SECTION 3. MANAGEMENT LETTER | |
| None | |

Tangipahoa Parish Rural Fire Protection District No. 2
(A Component Unit of the Tangipahoa Parish Government)
Amite, Louisiana
Schedule of Current Year Audit Findings (Continued)
For the Year Ended December 31, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Dennis Crocker, Fire Administrator,
Members of the Fire Board, and
the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Tangipahoa Parish Rural Fire Protection District No. 2 (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 control and compliance areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of Tangipahoa Parish Rural Fire Protection District No.2 and the Louisiana Legislative Auditor. Consequently, I 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.

My procedures and findings are detailed in Schedule "A".

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. I was 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 control and compliance areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information and use of Tangipahoa Parish Rural Fire Protection District No.2 and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.


Certified Public Accountant

June 24, 2019

Tangipahoa Parish Rural Fire Protection District No. 2
Statewide Agreed-Upon Procedures

Written Policies and Procedures

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

Results: The entity's policy included the above requirements. No exceptions were noted.

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.

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

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).

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

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

Results: The entity's policy included the above requirements. No exceptions were noted.

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)

Results: The entity's policy included the above requirements. No exceptions were noted.

Tangipahoa Parish Rural Fire Protection District No. 2
Statewide Agreed-Upon Procedures

h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: The entity's policy included the above requirements. No exceptions were noted.

i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:11111121, (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.

Results: The entity's policy included the above requirements. No exceptions were noted.

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 entity's policy included the above requirements. No exceptions were noted.

Board or Finance Committee

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.

Results: All minutes of the fire board meetings were obtained and reviewed. The fire board met with a quorum at least monthly for all twelve months.

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. *(Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period).*

Results: All monthly minutes referenced monthly budget-to-actual comparisons.

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 prior year audit report was reviewed. The entity did not have a negative ending unrestricted fund balance for FYE 12-31-2017.

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).

Results: Obtained the deposit site listing from management and management's representation that the listing was complete.

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.

Results: The District has one cash collection location. That location is the office of James, Lambert, Riggs, and Associates. They are the contract accountant for the District. All deposits are in the form of a check.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: None of the employees of the District have access to cash. The contract accountant maintains professional liability insurance.

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.)*

Tangipahoa Parish Rural Fire Protection District No. 2
Statewide Agreed-Upon Procedures

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 only has three bank accountants. Therefore, six deposits were selected.

All six deposits that were selected for testing, revealed that the District is using sequentially pre-numbered receipts, deposit slips agree with the amount deposited per the bank statement, and all deposits are made within one business day of receipt.

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).

Results: Obtained listing of non-payroll disbursement locations and management's representation that the listing is complete. The District only has one location. That location is the office of James, Lambert, Riggs, and Associates. They are the contract accountant for the District

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.

Tangipahoa Parish Rural Fire Protection District No. 2
Statewide Agreed-Upon Procedures

Results: The District demonstrated proper segregation of duties for non-payroll disbursements through the contracting with James, Lambert, Riggs, and Associates. This is a public accounting firm. The fire administrator initiates the disbursement by preparing a purchase order and submitting to the contract accountant. If there is a new vendor, the fire administrator provides the information to the contract accountant who will enter the vendor information into the accounts payable software. The contract accountant prepares the checks. The District utilizes a dual signature system. The signatures of the fire administrator and the fire board president are required for all disbursements. The contract accountant mails the payment.

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: All disbursements selected for tested had an original invoice and 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.

Results: Obtained listing of all active credit/debit/fuel and P-cards from management and management's representation that the listing was 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. *[Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]*

Tangipahoa Parish Rural Fire Protection District No. 2
Statewide Agreed-Upon Procedures

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

Results: For the five cards selected, it was observed that there was a monthly statement with all supporting documentation and the statement was reviewed and approved, in writing, by someone other than the authorized card holder.

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: For the five cards selected, the transactions that were selected for testing all had 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).

Travel and Travel-Related Expense Reimbursements¹¹ (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).

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: Obtained a listing from management for all travel and travel-related expense reimbursements and management's representation that the listing was complete. For the five reimbursements selected, none were for reimbursements using per diem. All five reimbursements were observed to have the original itemized receipt, documentation supporting the business/public purpose, and was reviewed and approved, in writing, by someone other than the person receiving reimbursement.