

**Bienville Parish Ward 4 & 5
Fire Protection District
Ringgold, Louisiana**

Financial Statements With Auditor's Report

As of and For the Year Ended December 31, 2017

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana

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COOK & MOREHART

Certified Public Accountants

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

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

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

Board of Commissioners
Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Bienville Parish Ward 4 & 5 Fire Protection District, a component unit of the Bienville Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Bienville Parish Ward 4 & 5 Fire Protection 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Bienville Parish Ward 4 & 5 Fire Protection District as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25-26, the Schedule of Contributions on page 27, and the Schedule of Proportionate Share of Net Pension Liability on page 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

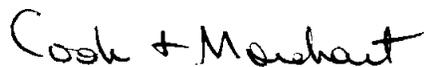
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bienville Parish Ward 4 & 5 Fire Protection District's basic financial statements. The other supplementary information listed in the table of contents and shown on pages 29 - 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2018, on our consideration of Bienville Parish Ward 4 & 5 Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bienville Parish Ward 4 & 5 Fire Protection District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bienville Parish Ward 4 & 5 Fire Protection District's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
September 6, 2018

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Statement of Net Position
December 31, 2017

| | <u>Governmental Activities</u> |
|---------------------------------------|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,425,550 |
| Accounts receivable | 1,026,222 |
| Prepaid expenses | 4,286 |
| Capital assets | |
| Depreciable (net) | 3,217,210 |
| Non-depreciable | <u>16,650</u> |
| Total assets | <u>5,689,918</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related | <u>423,173</u> |
| LIABILITIES | |
| Current | |
| Accounts payable | 40,605 |
| Accrued expenses | 16,552 |
| Non-current liabilities | |
| Due within one year | 105,709 |
| Due in more than one year | <u>1,293,856</u> |
| Total liabilities | <u>1,456,722</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable revenue | |
| Ad valorem taxes | 1,012,480 |
| Pension related | <u>48,872</u> |
| Total deferred inflows of resources | <u>1,061,352</u> |
| NET POSITION | |
| Net investment in capital assets | 2,684,286 |
| Unrestricted | <u>910,731</u> |
| Total net position | <u>\$ 3,595,017</u> |

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2017

GOVERNMENTAL ACTIVITIES

Expenses:

| | |
|---------------------------------|-----------|
| General government | \$ 59,721 |
| Public safety - fire protection | 1,201,943 |
| Interest on long term debt | 18,399 |
| Total expenses | 1,280,063 |

Program revenues:

| | |
|------------------------------------|-------------|
| Operating grants and contributions | 89,423 |
| Net program expenses | (1,190,640) |

General revenues:

| | |
|------------------------|---------|
| Ad valorem taxes | 945,645 |
| Intergovernmental | |
| Fire insurance rebate | 18,159 |
| Interest and dividends | 17,163 |
| Royalties | 2,984 |
| Miscellaneous | 4,701 |
| Total general revenues | 988,652 |

| | |
|------------------------|-----------|
| Change in net position | (201,988) |
|------------------------|-----------|

| | |
|------------------------------------|-----------|
| Net position - beginning, restated | 3,797,005 |
|------------------------------------|-----------|

| | |
|-----------------------|--------------|
| Net position - ending | \$ 3,595,017 |
|-----------------------|--------------|

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Balance Sheet
Governmental Fund
December 31, 2017

| | General Fund |
|--|-----------------|
| Assets | |
| Cash and cash equivalents | \$ 1,425,550 |
| Accounts receivable | 1,026,222 |
| Total assets | \$ 2,451,772 |
| Liabilities | |
| Accounts payable | \$ 40,605 |
| Accrued expenses | 16,552 |
| Total liabilities | 57,157 |
| Deferred inflows of resources | |
| Unavailable revenue | |
| Ad valorem taxes | 1,012,480 |
| Other | 9,772 |
| Total deferred inflows of resources | 1,022,252 |
| Fund balance | |
| Unassigned | 1,372,363 |
| Total fund balance | 1,372,363 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 3,233,860 |
| The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. | 4,286 |
| Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are not available in the governmental funds. | |
| Deferred outflows - pension related | 423,173 |
| Long-term liabilities and other amounts are not due and payable in the current period and therefore are not reported in the funds. | |
| Other | 7,934 |
| Capital Lease | (549,574) |
| Net pension liability | (848,153) |
| Deferred inflows - pension related | (48,872) |
| Net position of governmental activities | \$ 3,595,017 |

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Governmental Fund
 For the Year Ended December 31, 2017

| | General Fund |
|--|-----------------|
| Revenues | |
| Ad valorem taxes | \$ 945,645 |
| Intergovernmental | |
| Fire insurance rebate | 18,159 |
| Supplemental pay | 48,000 |
| Grant | 3,970 |
| Interest and dividends | 18,593 |
| Royalties | 2,984 |
| Miscellaneous | 4,701 |
| | 1,042,052 |
| Total revenues | |
| Expenditures | |
| Current: | |
| General government | 59,721 |
| Public Safety | 892,790 |
| Capital outlay | 361,330 |
| | 1,313,841 |
| Total expenditures | |
| Excess of revenues over (under) expenditures | (271,789) |
| Fund balance at beginning of year, restated | 1,644,152 |
| Fund balance at end of year | \$ 1,372,363 |

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balance of Governmental Fund to the Statement of Activities
 For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds \$ (271,789)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$361,330) exceeded depreciation (\$296,227) in the current period. 65,103

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. (5,774)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|---|---------|
| Capital Lease payments | 101,015 |
| Accrued leave | (1,659) |
| Unavailable revenue | (1,430) |
| Non-employer contributions to cost-sharing pension plan | 37,453 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

| | |
|-----------------|------------------|
| Pension expense | <u>(124,907)</u> |
|-----------------|------------------|

Change in net position of governmental activities \$ (201,988)

See accompanying notes to the basic financial statements.

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017

INTRODUCTION

The Bienville Parish Ward 4 & 5 Fire Protection District (the District) was created by the Bienville Parish Police Jury, as authorized by Louisiana Revised Statute 40:1492, on May 11, 1988. The District is governed by a five member board of which two members are appointed by the police Jury, one each by the Village of Jamestown and the Town of Ringgold, respectively, and one by the other four members of the board. The District is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district.

(1) Summary of Significant Accounting Policies

The Bienville Parish Ward 4 & 5 Fire Protection District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Bienville Parish Ward 4 & 5 Fire Protection District are discussed below

A. Reporting Entity

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

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

B. Basic Financial Statements – Government-Wide Statements

The Bienville Parish Ward 4 & 5 Fire Protection District's basic financial statements include both government-wide (reporting the funds maintained by the Bienville Parish Ward 4 & 5 Fire Protection District as a whole) and fund financial statements (reporting the Bienville Parish Ward 4 & 5 Fire Protection District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Bienville Parish Ward 4 & 5 Fire Protection District's general fund is classified as governmental activities. The Bienville Parish Ward 4 & 5 Fire Protection District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The Bienville Parish Ward 4 & 5 Fire Protection District's net position are reported in two parts – investment in capital assets (net of related debt), and unrestricted net position.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Bienville Parish Ward 4 & 5 Fire Protection District's functions. The functions are supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, which must be directly associated with the function. The District's program revenues consist of non-employer contributions to cost-sharing pension plan. The net costs (by function) are normally covered by general revenues

This government-wide focus is more on the sustainability of the Bienville Parish Ward 4 & 5 Fire Protection District as an entity and the change in the Bienville Parish Ward 4 & 5 Fire Protection District's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Bienville Parish Ward 4 & 5 Fire Protection District are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements

The following fund types are used by the Bienville Parish Ward 4 & 5 Fire Protection District:

Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Bienville Parish Ward 4 & 5 Fire Protection District:

- a. General funds are the general operating funds of the Bienville Parish Ward 4 & 5 Fire Protection District. They are used to account for all financial resources except those required to be accounted for in another fund.

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

D. Basis of Accounting

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

1. Accrual:

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

Revenues of the Bienville Parish Ward 4 & 5 Fire Protection District consist principally of property taxes, other intergovernmental revenues, donations, and interest income. Property taxes are recorded in the year for which the taxes are levied and budgeted. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. The 2017 tax levy is intended to fund the 2018 fiscal year; therefore, the levy has been recorded as a receivable and deferred inflows of resources. Interest income is recorded when earned. Donations and other intergovernmental revenues are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

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

E. Budgets

The District uses the following budget practices:

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

- 4 The budget is established and controlled by the board of commissioners at the object level of expenditure. All changes in the budget must be approved by the board
- 5 The budget is adopted on a cash basis for all funds. The original budget was amended one time during 2017. The amendments are reflected in the budgetary comparisons included in the accompanying financial statements

F. Cash, Cash Equivalents, and Investments

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

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

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

| | |
|-------------------------|---------------|
| Buildings | 20 – 40 years |
| Machinery and equipment | 5 – 10 years |
| Vehicles | 5 – 15 years |

H. Compensated Absences

Forty hour week employees receive 18 days of vacation between one and four years of service. An additional two days is then earned after every three years of service with a maximum of 30 days at 20 years of service or more.

Twenty-four hour shift employees receive 9 shifts of vacation between one and four years of service. An additional two shifts is then earned after every three years of service with a maximum of 15 shifts at 20 years of service or more.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

Forty hour week employees are allowed to carry over two vacation days to the next year. Twenty-four hour shift employees are allowed to carry over two shifts to the next year. Upon termination of employment, employees are paid for unused vacation time that they are eligible for according to the policy.

Only full time 40 hour week and full time 24 hour shift employees are eligible for sick time. Each classified employee is entitled to 52 weeks of sick leave. Unused sick leave is not paid upon separation of service.

I. Use of Estimates

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

J. Deferred Inflows / Outflows of Resources

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

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

K. Net Position

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

L. Fund Balance

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

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the board of commissioners (the district's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of commissioners remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the district's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

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

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

(2) Levied Taxes

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

| | Authorized Millage | Levied Millage | Expiration Date |
|----------------------------|-----------------------|-------------------|--------------------|
| General Maintenance | 3.53 | 3.53 | 2017 |
| Operations and maintenance | 4.91 | 4.91 | 2021 |

An ad valorem tax millage renewal was approved by the voters in December 2016, for a period of ten years beginning in 2017 and ending in 2028

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(3) Cash and Cash Equivalents

At December 31, 2017, the District had cash and cash equivalents (book balances) totaling \$1,425,550, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2017 (book balances) totaled \$1,425,550. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2017, \$1,187,074 of the District's bank balance of \$1,437,074 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department,
not in the District's name:

| | |
|---------------------------|---------------------|
| Cash and Cash equivalents | <u>\$ 1,187,074</u> |
|---------------------------|---------------------|

(4) Accrued Expenses

Accrued expenses at December 31, 2017 consisted of the following:

| | |
|--------------------|------------------|
| Payroll taxes | \$ 5,570 |
| Retirement payable | <u>10,982</u> |
| Total | <u>\$ 16,552</u> |

(5) Risk Management

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to the Financial Statements
December 31, 2017
(Continued)

(6) Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

| | Balance at Jan. 1, 2017 | Additions | Deletions | Balance at Dec. 31, 2017 |
|--|----------------------------|----------------------|-----------------|-----------------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 16,650 | \$ | \$ | \$ 16,650 |
| Total capital assets, not being depreciated, at historical cost | <u>16,650</u> | | | <u>16,650</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,415,978 | | | 1,415,978 |
| Machinery & Equipment | 656,040 | 14,867 | (9,600) | 661,307 |
| Vehicles | 3,462,947 | 346,463 | (22,542) | 3,786,868 |
| Total capital assets, being depreciated, at historical cost | <u>5,534,965</u> | <u>361,330</u> | <u>(32,142)</u> | <u>5,864,153</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (387,216) | (35,399) | | (422,615) |
| Machinery & Equipment | (338,587) | (58,585) | 9,600 | (387,572) |
| Vehicles | (1,657,055) | (202,243) | 22,542 | (1,836,756) |
| Total accumulated depreciation | <u>(2,382,858)</u> | <u>(296,227)</u> | <u>32,142</u> | <u>(2,646,943)</u> |
| Total capital assets, being depreciated, net | <u>3,152,107</u> | <u>65,103</u> | | <u>3,217,210</u> |
| Governmental capital assets, net | <u>\$ 3,168,757</u> | <u>\$ 65,103</u> | <u>\$</u> | <u>\$ 3,233,860</u> |

Depreciation expense for the year ended December 31, 2017, was \$296,227.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(7) Leases

For the year ended December 31, 2017, the District had one operating lease on certain equipment that is utilized by the district. Payments made on this lease for the year ended December 31, 2017, were \$1,914. The minimum annual commitments under noncancelable operating leases are as follows:

| <u>Year Ending December 31,</u> | |
|---------------------------------|-----------------|
| 2018 | <u>\$ 1,015</u> |

(8) Long-term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Compensated absences | \$ 1,838 | \$ | \$ | \$ 1,838 | \$ 1,838 |
| Capital lease - truck | 650,589 | | 101,015 | 549,574 | 103,871 |
| Net pension liability | <u>969,892</u> | | <u>121,739</u> | <u>848,153</u> | |
| Total long-term liabilities, governmental activities | <u>\$ 1,622,319</u> | <u>\$</u> | <u>\$ 222,754</u> | <u>\$ 1,399,565</u> | <u>\$ 105,709</u> |

Capital Lease - Truck

During 2015, the District entered into a capital lease agreement to purchase a fire truck. The lease agreement qualifies as a capital lease for accounting purposes. The truck is included in capital assets at a cost of \$748,825, with accumulated depreciation totaling \$95,683 as of December 31, 2017. Interest has been imputed at a rate of 2.792%, and the District will make monthly payments through November 2022. The debt service requirements to maturity are as follows:

| <u>Year Ending December 31,</u> | |
|---|-------------------|
| 2018 | \$ 119,413 |
| 2019 | 119,413 |
| 2020 | 119,413 |
| 2021 | 119,413 |
| 2022 | <u>119,413</u> |
| Total minimum lease payments | \$ 597,065 |
| Less amounts representing interest | <u>(47,491)</u> |
| Present value of minimum lease payments | <u>\$ 549,574</u> |

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

(9) Restatement of Net Position / Fund Balance

Net position / fund balance at December 31, 2016, were restated to correct the revenue recognition of property taxes to the period for which the taxes were budgeted and workers compensation dividend to the period for which the dividend applied.

| | <u>Net Position</u> | <u>Fund Balance</u> |
|---|---------------------|---------------------|
| Balance, December 31, 2016, as previously reported | \$ 4,702,454 | \$ 2,544,627 |
| Workers compensation dividend | 11,202 | |
| Correction of property tax revenue | (916,651) | (900,475) |
| Balance, December 31, 2016, restated | \$ 3,797,005 | \$ 1,644,152 |

(10) Receivables

The following is a summary of receivables at December 31, 2017:

| <u>Class of Receivable</u> | | | |
|--------------------------------|----|-----------|--|
| Ad valorem taxes | \$ | 1,012,480 | |
| Intergovernmental grants | | 3,970 | |
| Interest | | 9,772 | |
| Total | \$ | 1,026,222 | |

(11) Pension Plan

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

PLAN DESCRIPTION

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

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

Retirement Benefits

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

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

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

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

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the deferred retirement option plan account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

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

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% cost of living increase of their original benefit.

CONTRIBUTIONS

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

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively. The District's contributions to the System for the years ended December 31, 2017, 2016, and 2015 were \$90,430, \$90,624, and \$90,270, respectively. Included in contributions for the year ended December 31, 2017, is \$7,973 of contributions for the month of December 2017, which is included in accrued expenses at December 31, 2017.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2017 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the District during the year ended June 30, 2017 were \$37,453.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

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

At December 31, 2017, the District reported a liability of \$848,153 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2017 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2017. At June 30, 2017, the District's proportion was .1479720%, which was a decrease of .000309% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$215,214, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(2,320).

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ | \$ 47,299 |
| Changes of assumptions | 35,474 | 202 |
| Net difference between projected and actual earnings on pension plan investments | 72,966 | |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 268,041 | 1,371 |
| Employer contributions subsequent to the measurement Date | <u>46,692</u> | |
| Total | <u>\$ 423,173</u> | <u>\$ 48,872</u> |

The District reported a total of \$46,692 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended December 31, 2018.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

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

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2018 | \$ 98,115 |
| 2019 | 112,727 |
| 2020 | 80,351 |
| 2021 | 16,548 |
| 2022 | 18,035 |
| 2023 | <u>1,833</u> |
| Total | <u>\$ 327,609</u> |

ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation, and were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

| | |
|----------------------------------|---|
| Valuation Date | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal Cost |
| Estimated Remaining Service Life | 7 years |
| Investment Rate of Return | 7.4% per annum (net of investment expenses, including inflation) (decreased from 7.5% in 2016) |
| Inflation Rate | 2.775% per annum (decreased from 2.875% in 2016) |
| Salary increases | Vary from 15.0% in the first two years of service to 4.75% after 25 years |
| Cost of Living Adjustments | Only those previously granted |

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Notes to Financial Statements
 December 31, 2017
 (Continued)

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

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

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Real Rates of Return</u> |
|--------------------|------------------------------------|--|
| Fixed income | 23% | 2.04% |
| Equity | 57% | 6.81% |
| Alternatives | 10% | 6.67% |
| Other | 10% | 4.59% |
| Totals | <u>100%</u> | |

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

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

SENSITIVITY TO CHANGES IN DISCOUNT RATE

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

| | Changes in Discount Rate | | |
|-----------------------|--------------------------|------------|------------|
| | 1% | Current | 1% |
| | Decrease | Discount | Increase |
| | 6.4% | 7.40% | 8.40% |
| Net Pension Liability | \$ 1,218,763 | \$ 848,153 | \$ 536,602 |

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings:

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

Changes of Assumptions:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Notes to Financial Statements
December 31, 2017
(Continued)

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

PLAN FIDUCIARY NET POSITION

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

RETIREMENT SYSTEM AUDIT REPORT

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2017. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.la.gov.

(12) On-Behalf Payments

During the fiscal year ended December 31, 2017, qualified employees of the Bienville Parish Ward 4 & 5 Fire Protection District received supplemental pay from the State of Louisiana. The District has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$48,000 for the year ended December 31, 2017.

(13) Subsequent Events

Subsequent events have been evaluated through September 6, 2018, the date the financial statements were available to be issued.

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2017

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|-------------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Ad valorem taxes | \$ 952,997 | \$ 916,741 | \$ 916,741 | \$ |
| Intergovernmental | | | | |
| Fire insurance rebate | 20,000 | 18,159 | 18,159 | |
| Supplemental pay | | | 48,000 | 48,000 |
| Grant | 4,500 | | | |
| Interest income | 3,000 | 6,905 | 18,593 | 11,688 |
| Miscellaneous | 15,000 | 23,550 | 7,849 | (15,701) |
| | 995,497 | 965,355 | 1,009,342 | 43,987 |
| Total revenues | | | | |
| Expenditures | | | | |
| Current: | | | | |
| Public Safety | 844,532 | 772,068 | 891,864 | (119,796) |
| Capital outlay | 150,965 | 460,897 | 361,330 | 99,567 |
| | 995,497 | 1,232,965 | 1,253,194 | (20,229) |
| Total expenditures | | | | |
| Excess of revenues over (under) expenditures | | (267,610) | (243,852) | 23,758 |
| Fund balances at beginning of year | 1,668,585 | 1,668,585 | 1,652,809 | (15,776) |
| Fund balances at end of year | \$ 1,668,585 | \$ 1,400,975 | \$ 1,408,957 | \$ 7,982 |

See accompanying note to required supplementary information.

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2017

State of Louisiana Firefighters' Retirement System

| | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|
| Contractually required contribution | \$ 90,430 | \$ 90,624 | \$ 89,565 |
| Contributions in relation to the contractually required contribution | 90,430 | 90,624 | 89,565 |
| Contribution deficiency (excess) | - | - | - |
| Covered-employee payroll | 349,417 | 344,722 | 317,435 |
| Contributions as a percentage of covered-employee payroll | 25.88% | 26.29% | 28.22% |

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

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Schedule of Contributions
 For the Year Ended December 31, 2017

State of Louisiana Firefighters' Retirement System

| | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|
| Contractually required contribution | \$ 90,430 | \$ 90,624 | \$ 89,565 |
| Contributions in relation to the contractually required contribution | 90,430 | 90,624 | 89,565 |
| Contribution deficiency (excess) | - | - | - |
| Covered-employee payroll | 349,417 | 344,722 | 317,435 |
| Contributions as a percentage of covered-employee payroll | 25.88% | 26.29% | 28.22% |

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

Bienville Parish Ward 4 & 5 Fire Protection District
 Ringgold, Louisiana
 Schedule of Proportionate Share of Net Pension Liability
 For the Year Ended December 31, 2017

State of Louisiana Firefighters' Retirement System

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|
| Proportion of the net pension liability | 0.147972% | 0.148280% | 0.123650% |
| Proportionate share of the net pension liability | \$ 848,153 | \$ 969,892 | \$ 667,369 |
| Covered-employee payroll | 347,861 | 334,340 | 260,760 |
| Proportionate share of the net pension liability as a percentage of covered employee payroll | 243.82% | 290.09% | 255.93% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.55% | 68.16% | 72.45% |

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

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head: Bobby Conly, Fire Chief

| <u>Purpose</u> | <u>Amount</u> |
|------------------------|---------------|
| Salary | \$ 74,909 |
| State supplemental pay | 6,000 |
| Benefits-insurance | 4,661 |
| Benefits-retirement | 20,935 |

Bienville Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2017

Aldermen

| | | |
|-----------------------|----|-------|
| Donna Wiggins - chair | \$ | 3,000 |
| Randall Bare | | 550 |
| Briley Joe Carter | | 300 |
| Donald Moore | | 500 |
| James Wiggins | | 600 |
| | | <hr/> |
| | \$ | 4,950 |
| | | <hr/> |

COOK & MOREHART

Certified Public Accountants

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

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

TELEPHONE (318) 222-5415

FAX (318) 222-5441

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

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
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Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*

Independent Auditors' Report

Board of Commissioners
Bienville Parish Ward 4 & 5 Fire Protection District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Bienville Parish Ward 4 & 5 Fire Protection District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Bienville Parish Ward 4 & 5 Fire Protection District's basic financial statements, and have issued our report thereon dated September 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bienville Parish Ward 4 & 5 Fire Protection 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bienville Parish Ward 4 & 5 Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bienville Parish Ward 4 & 5 Fire Protection District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given this limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Summary Schedule of Current Year Audit Findings as item 2017-003, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bienville Parish Ward 4 & 5 Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current year audit findings as items 2017-001 and 2017-002

Bienville Parish Ward 4 & 5 Fire Protection District's Response to Finding

Bienville Parish Ward 4 & 5 Fire Protection District's response to the findings identified in our audit is described in the accompanying summary schedule of audit findings. Bienville Parish Ward 4 & 5 Fire Protection District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
September 6, 2018

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Summary Schedule of Audit Findings
December 31, 2017

Summary Schedule of Prior Audit Findings

There were three findings for the prior year audit for the year ended December 31, 2016, as follows:

2016-01 – Inadequate Controls over Payroll

Finding: The following instances came to our attention where payments were not in accordance with the employee handbook or formal written policy:

- Payment made to an employee for comp time, however, the employee handbook does not address a formal comp time policy. The District had no written policy authorizing comp time payments.
- Vacation hours are being used to calculate overtime pay, although the employee handbook does not allow vacation or sick hours to be counted for purposes of overtime.
- Vacation hours were underpaid for two full time employees. Pay was not calculated as instructed in employee handbook.
- Part time employees are being paid holiday pay, although the employee handbook does not address whether part time employees are authorized to receive holiday pay or how it would be calculated. The hourly rate paid to the part time employees for holiday pay was not consistent. We noted in one instance an employee was paid at straight time, and a second employee was paid at a rate of time and ½.

The following are payments that were considered incorrectly calculated:

- Court of Appeals has defined a proper method of calculating holiday pay, overtime pay and longevity pay. Longevity raise of 2% was authorized by Board at Jan 1, 2016 for all eligible employees; however, the 2016 annual salary calculation did not include supplemental pay in the calculation of longevity raise as of Jan 1, 2016.
- One instance where an employee was overpaid for 24 hours of holiday time, instead of 8 hours.
- Health insurance premiums paid by employees are being treated as a before-tax deduction, although premiums do not appear to be part of a formal cafeteria plan. If no formal cafeteria plan is in place, the health insurance premiums should be treated as an after-tax deduction.

Other items not addressed from prior year:

- No written evidence indicating an effort to collect prior year overpayments to employees.

Current Status: The District revised its policies and procedures with regards to the areas noted above.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Summary Schedule of Audit Findings
December 31, 2017
(Continued)

2016-02 Budget compliance

Finding: The District did not amend its budget for the General Fund expenditures in accordance with the Local Government Budget Act. Total expenditures for the General Fund were more than budgeted amounts by more than five percent for the year ended December 31, 2016.

Current Status: The District did amend its budget for 2017.

2016-03 Late submission of financials

Finding: The District failed to file its annual report by June 30, 2017.

Current Status: See current year finding .

Corrective Action Plan for Current Year Audit Findings

There are three findings for the current year audit for the year ended December 31, 2017, as follows:

2017-001 - Budget

Criteria: The Local Government Budget Act sets forth the requirements for adopting the budget.

Finding: The District did not appropriately advertise its budget for 2017 prior to adoption. The District published the notice after the public hearing. Also, the District did not adopt the 2017 budget prior to the end of the previous fiscal year as required by state law.

Cause: The District failed to advertise 10 days prior to the adoption of the 2017 budget and failed to adopt the budget prior to the end of the previous fiscal year.

Effect: The District was not in compliance with the Local Government Budget Act.

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

Management's Response: The District will appropriately advertise our budget before December meeting and will approve at December meeting.

(Continued)

Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
Summary Schedule of Audit Findings
December 31, 2017
(Continued)

2017-002 – Late Submission of Audit

Finding: The audit for the year ended December 31, 2017, was not submitted timely in accordance with state law.

Criteria: State law requires audit reports to be submitted no later than six months after the District's fiscal year end.

Cause: The District did not engage the audit firm timely to allow completion of the audit by the required deadline.

Effect: The audit was not submitted timely in accordance with state law.

Recommendation: We recommend that the District establish appropriate controls for ensuring the audit will be submitted timely in the future.

Management's Response: The District has established controls to ensure the audit for 2018 will be submitted and filed timely

2017-003 – Internal Controls

Significant Deficiency: During our audit, we noted that there is no supervisory review of bank statements, deposits, or bank reconciliations. We also noted that employee timesheets are not signed by employees, and supervisory review is not physically documented on those employee timesheets

Criteria: Proper internal controls are necessary to ensure appropriate management oversight and to ensure that the entity's financial statements are not misstated

Cause: Internal controls were not in place over the areas noted above to ensure appropriate management oversight and to ensure that the entity's financial statements are not misstated.

Effect: Without appropriate controls in place, misstatements in the entity's financial statements could occur and not be detected.

Recommendation. We recommend that controls be established to ensure that bank statements, deposits, and bank reconciliations are reviewed on a monthly basis, and that such reviews be physically documented. We also recommend that employees sign all timesheets which are used for payroll processing. Supervisory personnel should also physically approve all timesheets.

Management's Response The District has already implemented controls to correct these steps

COOK & MOREHART

Certified Public Accountants

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

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

TELEPHONE (318) 222-5415

FAX (318) 222-5441

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Bienville Parish Ward 4 & 5 Fire Protection District
Ringgold, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Bienville Parish Ward 4 & 5 Fire Protection 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, 2017 through December 31, 2017. The Bienville Parish Ward 4 & 5 Fire Protection District (District) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

The District provided written policies and procedures addressing all of the above

Board (or Finance Committee, if applicable)

- 2 Obtain and review the board/committee minutes for the fiscal period, and.
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board of Commissioners of the District met on a monthly basis

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The minutes of the board of commissioners referenced and included budget to actual comparisons on the general fund

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

The minutes of the Board of Commissioners of the District did reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

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

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared,

Bank reconciliations were prepared for each month examined.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

Exception: There were no attributes on reconciliations indicating a member of management had reviewed each reconciliation.

Management's Response: Management will review and physically approve bank reconciliations in the future.

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

Not Applicable

Collections

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

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

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

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

Each person responsible for collecting cash was not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account. Each person responsible for collecting cash was not required to share the same cash register or drawer with another employee

Exception: The person responsible for collecting cash was not bonded.

Management's Response: The District will ensure appropriate parties are properly bonded

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected

The District has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

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

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day

of collection, report the number of days from receipt to deposit for each day at each collection location.

For the week selected, deposits were processed within one day of collection

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

For the week selected, daily cash collections were completely supported by collection documentation

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

The District has a process specifically defined to determine completeness of collections, by a person who is not responsible for collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice

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

Exception: Twenty (20) of the twenty-five (25) disbursements selected for testing were purchase transactions. Seventeen (17) of the twenty (20) purchase transactions did not have a purchase order attached

Management's Response: District policy does not require the use of formal purchase order system for all purchases. All purchases are approved by management prior to payment being made.

Exception: Seven (7) of the disbursements selected for testing were purchases which would be supported by a receiving report. None of these disbursements had a receiving report attached to the invoice prior to payment.

Management's Response: The District will attach receiving reports in the future when feasible

- 10 Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system

The District's policy is that new vendors can only be added to the purchasing/disbursement system after approval by the Fire Chief. The Fire Chief is not responsible for processing payments

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Persons with signatory authority do not have system access to print checks.

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

Persons with signatory authority do not use a signature stamp or signature machine. Signed checks are maintained under the control of an authorized user until mailed

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

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

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

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

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

There were no finance charges and/or late fees assessed on the selected statements

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

- a) For each transaction, report whether the transaction is supported by:

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

Transactions tested were supported by original itemized receipts, except as noted below:

Exception: Eight (8) receipts totaling \$507.83 could not be located from the statements selected for testing.

Management's Response: District policy is for all receipts to be remitted and attached to statements prior to payment being made.

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

Transactions tested contained documentation of business purpose.

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

No other documentation is required by the District's written credit card policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared each transaction tested to the agency's written policies and public bid law. There were no exceptions noted.

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

The District's documentation met the requirements of Article 7, Section 14.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

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

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The District's policies for mileage do not exceed the GSA rates. The District does not utilize per diem rates for meals.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The reimbursements selected were supported with documentation in accordance with District's written policies.

- b) Report whether each expense is supported by:

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

Expenses selected for testing contained receipts listing precisely what was purchased.

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

The business purpose was documented on each invoice selected for testing.

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

Other documentation as required by the District's written policy was attached to items selected for testing.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond

conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The District's documentation met the requirements of Article 7, Section 14.

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

For each expense selected for testing, the expense and related documentation was reviewed and approved in writing by someone other than the person receiving reimbursement.

Contracts

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

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

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were formal, written contracts supporting the services arrangement and the amounts paid for the contracts selected for testing

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and

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

Not applicable.

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

Exception: No quotes were obtained for copier lease

Management's Response: Management will obtain quotes in the future when deemed practical and feasible

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment

None of the contracts selected for testing were amended during the testing period.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The largest payment selected for testing from each of the five vendor contracts was supported by invoices that agreed with the terms of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The District's policy does not require board approval for the contracts selected for testing

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete

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

Randomly select five employees/officials, obtain their personnel files, and

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

Payment was made in accordance with the terms of the approved pay rates

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy

Exception: Pay rates were approved when the budget was approved; however, there was no specific written approval for individual employee pay rates.

Management's Response: In the future, management will ensure that individual pay rates are approved in writing.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

Exception: Employees do not complete individual timesheets. Leave request forms are completed.

Management's Response: The District will implement procedures for employees to sign time and attendance records in the future. Payroll is approved by the Chief prior to issuance.

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

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

For the transactions selected for testing, the District maintained written leave records.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no termination payments made during the fiscal year.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The District maintained documentation to demonstrate that required ethics training was completed, except as noted below:

Exception. One employee selected for testing did not complete the required ethics training for 2017.

Management's Response: The District will ensure that all employees complete ethics training annually

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no alleged ethics violations reported to management.

Debt Service (excluding nonprofits)

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

The District did not issue any new debt during the current fiscal year.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants

The District made scheduled debt service payments, as required by terms of capital lease agreement.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The District does not have any tax millages relating to outstanding debt.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The District has posted on its premises the notice required by R.S. 24:523.1. The District does not have a website.

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

We have not observed or identified any exceptions regarding management's representations in the above procedures.

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

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

Cook + Morehart

Cook & Morehart
Certified Public Accountants
September 6, 2018