

**District Six Fire
Protection District**

Baton Rouge, Louisiana

Year Ended December 31, 2018

*Financial Statements
and Supplementary Information*

and

Agreed-Upon Procedures

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WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING
CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
District Six Fire Protection District
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of District Six Fire Protection District as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of District Six Fire Protection District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension liability, and schedule of District's contributions on pages 8-12 and 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Six Fire Protection District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head reported on page 49 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head reported on page 49 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits, and other payments to agency head on page 49 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 29, 2019, on my consideration of District Six Fire Protection District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District Six Fire Protection District's internal control over financial reporting and compliance.

WILLIAM A. MEZAR, CIA (APAC)

Baton Rouge, Louisiana
June 29, 2019



WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING
CORPORATION

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

To the Board of Commissioners
District Six Fire Protection District
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of District Six Fire Protection District, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise District Six Fire Protection District's basic financial statements, and have issued my report thereon dated June 29, 2019.

Internal Control over Financial Reporting

In planning and performing my audits of the financial statements, I considered District Six 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District Six Fire Protection District's internal control. Accordingly, I do not express an opinion on the effectiveness of District Six 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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

William D. Mezard, CPA (APAC)

Baton Rouge, Louisiana
June 29, 2019

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2018

Our discussion and analysis of District Six Fire Protection District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2018.

FINANCIAL HIGHLIGHTS

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2018, the District's net position increased by \$ 303,889, and resulted in ending net position of \$ 165,109.

Total spending for the governmental activity was \$ 1,865,447 for the year, which was \$ 4,909 more than the taxes and the contributions received for this activity, \$ 1,859,358.

Interest earned on checking and money market accounts was \$ 36,493 for the year.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities found on pages 13 and 14-15 provide information about the financial activities of the District and illustrate a longer-term view of the District's finances. Fund financial statements start on page 16. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's significant funds.

The District's independent auditor attests in his report that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

REPORTING THE DISTRICT AS A WHOLE, THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

Our analysis of the District as a whole begins on page 13. These statements help to illustrate the status of the District resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

The District's net position is determined by examining the difference in assets and liabilities. The two statements report the District's net position and any changes in it. Examining the District's net position is an effective way to determine the financial status of the District. Increases and decreases in net position are an indicator of the District's overall increasing or decreasing financial performance.

In the Statement of Net Position and Statement of Activities, the District reports only governmental type activities. The majority of the District's activities are of this type, and taxes and contributions finance most of the activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of the District's major fund begins on page 16. The fund financial statements provide detailed information about the most significant fund rather than the District as a whole.

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

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

THE DISTRICT AS A WHOLE

The District's net position increased \$ 303,889 as a result of this year's operations, resulting in ending net position of \$ 165,109. The balance in net position represents the accumulated results of all past years' operations. As discussed in the notes to the financial statements, implementation of new accounting pronouncements during the current period resulted in a restatement of net position as previously reported.

Table 1
Net Position

Current and other assets	\$ 2,518,228
Capital assets	<u>932,689</u>
Total assets	<u>\$ 3,450,917</u>
 Deferred Outflows of Resources	 <u>\$ 596,183</u>
 Current and other liabilities	 \$ 126,031
Long-term liabilities	<u>3,509,499</u>
Total liabilities	<u>\$ 3,635,530</u>
 Deferred Inflows of Resources	 <u>\$ 246,461</u>
 Net position:	
Invested in capital assets	773,989
Unrestricted	(<u>608,880</u>)
Total net position	<u>\$ 165,109</u>

The District's total revenues for the year increased \$ 283,373, or 15.04 percent. This included \$ 1,766,846 in taxes and service fees, \$ 513,913 in operating and intergovernmental contributions, and \$ 89,825 in interest income and miscellaneous income. The total cost of all programs and services was \$ 1,864,447 with no new programs added this year.

Table 2
Changes in Net Position

Revenues:	
Taxes and service fees	\$ 1,766,846
Operating contributions	88,550
Other	<u>311,611</u>
Total revenues	2,167,007
Expenses	(1,865,447)
Gain on disposal of assets	<u>2,329</u>
Change in net position	<u>\$ 303,889</u>

THE DISTRICT'S FUNDS

As previously mentioned, the District uses funds to help control and manage money for particular purposes. At the completion of the year, the District's governmental fund reported an unassigned fund balance of \$2,434,034. This reflects an increase of \$ 363,514 from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District’s budget was not amended during the last year.

The actual expenditures were \$ 66,923 more than the budgeted amounts.

Resources available for expenditure were \$ 362,357 more than the budgeted amounts.

The District’s General Fund balance of \$ 2,434,034 reported on page 16 differs from the General Fund’s budgeted fund balance of \$ 2,137,970 reported in the budgetary comparison schedule on page 42.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the year, the District has \$ 773,989 invested in capital assets, including buildings, furniture, firefighting equipment, and vehicles, net of related obligations. Capital asset additions totaled \$ 125,230, and capital asset disposals totaled \$ 36,172 during the year. More detailed information about the District’s capital assets is presented in Note G of the financial statements.

Table 3
Capital Assets at Year End
(Net of Accumulated Depreciation)

Buildings	\$	207,340
Equipment		641,213
Vehicles		41,136
Land		<u>43,000</u>
	\$	<u><u>932,689</u></u>

Long-Term Liabilities

At December 31, 2018, the District’s long-term liabilities totaled \$ 3,538,309, which included capital leases of \$ 158,700, compensated absences totaling \$ 70,626, net pension liability of \$ 1,931,215 an OPEB liability of \$1,177,768, and obligations under the long-term loan obligations of \$ 200,000. More detailed information about the District’s long-term debt obligations is presented in Note I of the financial statements.

As discussed in the notes to the financial statements, implementation of new accounting policies during 2018 resulted in the recognition of prior year OPEB liability of \$ 1,162,477.

Table 4
Long-Term Liabilities

	<u>Balance</u>	<u>Change</u>	<u>% Change</u>
Capital leases	\$ 158,700	(27,497)	(14.8%)
Compensated absences	70,626	8,009	12.8%
OPEB liability	1,177,768	15,291	1.3%
Net pension liability	1,931,215	106,612	5.8%
Community Disaster Loan	<u>200,000</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	\$ <u>3,538,309</u>	\$ <u>102,415</u>	<u>3.0%</u>

See Notes H, J, L, and O of the financial statements for additional information regarding long-term liabilities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Joel Hancock, Fire Chief, 7878 Prescott Road, Baton Rouge, Louisiana 70812.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF NET POSITION

December 31, 2018

ASSETS

Cash and equivalents	\$ 823,028
Due from other governmental units	1,185,142
Ad valorem taxes receivable	463,348
Fire protection service charges receivable	46,710
Capital assets, net of depreciation	<u>932,689</u>

TOTAL ASSETS \$ 3,450,917

DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability	\$ <u>596,183</u>
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LIABILITIES

Accounts payable	\$ 80,041
Payroll withholdings and accruals	13,027
Accrued interest expense	4,153
Current portion of long-term liabilities	<u>28,810</u>
Total Current Liabilities	<u>126,031</u>

Obligations under capital leases	129,880
Obligations under Community Disaster Loan	200,000
Compensated absences payable	70,626
OPEB liability	1,177,768
Net pension liability	<u>1,931,215</u>
Total Long-Term Liabilities	<u>3,509,499</u>

TOTAL LIABILITIES \$ 3,635,530

DEFERRED INFLOWS OF RESOURCES

Related to net pension liability	\$ <u>246,461</u>
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NET POSITION:

Investment in capital assets	\$ 773,989
Unrestricted	<u>(608,880)</u>

TOTAL NET POSITION \$ 165,109

The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expense)
Governmental activities:					
Public safety –fire protection	\$ 1,725,533	\$ 203,577	\$ 88,550	\$ -	\$(1,433,406)
Depreciation	125,230	-	-	-	(125,230)
Interest	14,684	-	-	-	(14,684)
Total governmental activities	1,865,447	203,577	88,550	-	(1,573,320)
General revenues:					
Ad valorem taxes					1,563,269
Intergovernmental revenues:					
State revenue sharing					91,006
Fire insurance tax					59,530
Other					71,250
Interest income					36,493
Miscellaneous					53,332
Total General Revenues					1,874,880

The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES (continued)

Year Ended December 31, 2018

Special items:	
Net gain on disposal of assets	<u>2,329</u>
Change in net position	303,889
Net position, beginning of year, as restated (see Note O)	(<u>138,780</u>)
Net position, end of year	\$ <u><u>165,109</u></u>

The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

BALANCE SHEET – GOVERNMENTAL FUND

December 31, 2018

ASSETS

Cash	\$	823,028
Due from other governmental units		1,185,142
Ad valorem taxes receivable		463,348
Fire protection service charges receivable		<u>46,710</u>

TOTAL ASSETS 2,518,228

LIABILITIES

Accounts payable		80,041
Payroll withholdings and accruals		<u>4,153</u>

TOTAL LIABILITIES 84,194

FUND EQUITY

Nonspendable		-
Unassigned		<u>2,434,034</u>

TOTAL FUND EQUITY \$ 2,434,034

The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO
THE STATEMENT OF NET POSITION
December 31, 2018

Fund balances – Governmental Fund	\$ 2,434,034
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 fund. These assets consist of:	
Costs of capital assets	2,574,983
Accumulated depreciation	(1,642,294)
Certain long-term assets are not reported in the fund financial statements because they are not available to pay certain period expenditures, but they are reported as a component of net position:	
Deferred outflows of resources – pension related	596,183
Long-term liabilities, including bonds payable, capital leases, and other long-term liabilities, are not due in the current period and therefore are not reported in the governmental activity in the fund:	
Obligations under capital leases	(158,700)
Obligations under Community Disaster Loan	(200,000)
Compensated absences	(70,626)
OPEB liability	(1,177,768)
Net pension liability	(1,931,215)
Deferred inflows of resources – pension related	(246,461)
Interest payable on long-term debt is not accrued in governmental funds; rather, it is recognized as an expenditure when due	(<u>13,027</u>)
NET POSITION OF GOVERNMENTAL ACTIVITY	\$ <u><u>165,109</u></u>

The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2018

REVENUES:

Taxes:

Ad valorem taxes	\$ 1,563,269
Fire protection service fees	<u>203,577</u>
Total taxes	<u>1,766,846</u>

Intergovernmental revenues:

State fire insurance rebate	59,530
City-Parish General Fund	71,250
State of Louisiana	<u>91,006</u>
Total intergovernmental revenues	<u>221,786</u>

Miscellaneous revenue:

Interest earned	36,493
Miscellaneous revenue	<u>70,982</u>
Total miscellaneous revenue	<u>107,475</u>

Total Revenues	<u>2,096,107</u>
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EXPENDITURES:

Current operations:

General government:

Accounting	20,408
Legal and professional fees	<u>2,870</u>
Total general government	<u>23,278</u>

Public safety:

Advertising	183
Dues	3,587
Employee benefits	410,325
Fee billings	11,178
Food	1,609
Insurance	58,679
Maintenance and repairs	54,260
Medical program	445
Miscellaneous	374
Pest control	300
Postage	940
Rent	8,157

The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)

Year Ended December 31, 2018

Retirement costs – other	109,697
Salaries	863,634
Supplies	40,117
Telephone	8,401
Training and travel	11,418
Utilities	<u>9,984</u>
Total public safety	<u>1,593,288</u>
Capital outlay:	
Firefighting equipment	70,553
Office equipment and furniture	<u>8,964</u>
Total capital outlay	<u>79,517</u>
Debt service:	
Principal retirement	27,497
Interest expense	<u>9,013</u>
Total debt service	<u>36,510</u>
Total Expenditures	<u>1,732,593</u>
Excess (deficiency) of revenues over expenditures	<u>363,514</u>
OTHER FINANCING SOURCES (USES):	
Loan proceeds	<u>-</u>
Total other financing sources (uses)	<u>-</u>
Net change in fund balance	363,514
FUND BALANCE, beginning of year	<u>2,070,520</u>
FUND BALANCE, end of year	\$ <u><u>2,434,034</u></u>

The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

Net change in fund balance – governmental fund	\$	363,514
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Amounts reported for governmental activity in the statement of activities is 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

Capital outlay		79,517
Depreciation expense	(125,230)
Proceeds from sale of assets	(17,650)
Net gain on disposal of assets		2,329

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position

Loan proceeds		-
Principal payments		27,497

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 governmental funds

Increase in compensated absences payable	(8,009)
Increase in accrued interest not recognized in fund financial statements	(5,672)
Change in OPEB liability	(15,291)
Pension expense		<u>2,884</u>

Change in net position of governmental activity	\$	<u>303,889</u>
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The accompanying notes are an integral part of these financial statements.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying basic financial statements of the District Six Fire Protection District (“District”) have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, issued in June 1999.

Reporting Entity

District Six Fire Protection District was created in the Parish of East Baton Rouge by resolution of the Metropolitan Council of Baton Rouge and East Baton Rouge Parish, which created and established the Board of Commissioners (“Board”) for District Six Fire Protection District. The Board is composed of five members appointed by the Metropolitan Council. The District provides fire protection services to all of the territory situated within its confines.

For financial reporting purposes, in conformity with GASB Codification of Governmental Accounting and Financial Reporting Standards, the District includes all funds and account groups that are controlled by the District.

Basic Financial Statements – Government-Wide Statements

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District’s general administrative services are classified as governmental type activities.

In the government-wide Statement of Net Position, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. The net costs by function are normally covered by general revenues.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basic Financial Statements – Government-Wide Statements (continued)

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the 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/expenses. The fund presented in the financial statements is described as follows:

Governmental Funds

General Fund

This fund accounts for all or most of the operations of the District. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as a fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the District's office.

The general fund is the principal fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policies.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses 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.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Accrual:

Business-type activities 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.

Modified Accrual:

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the 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 soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Budget Practices

A proposed operating budget for the General Fund, prepared on the modified accrual basis of accounting, is approved by the Board of Commissioners and adopted in accordance with the Local Government Budget Law. The proposed operating budget is legally adopted and amended, as necessary, by the District. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original budget amounts and all subsequent amendments, if any.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The District has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the District may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Capital Assets

Capital assets purchased or acquired with an original cost of \$ 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	15 – 50 years
Firefighting equipment	5 – 10 years
Office equipment and furniture	10 years

Compensated Absences

All employees accrue vacation and sick leave based on years of service. A cash payment may be made for accumulated sick leave upon termination or separation of employment, not to exceed 168 days. Full-time employees earn vacation at a rate of eighteen to thirty days per year, based on years of service, and there is no limit to the number of days that can be accrued or paid. Compensated absences payable represents the accrued vacation pay and the vested accrued sick pay.

At December 31, 2018, employees of the District had accumulated and vested \$ 773,930 annual leave benefits that was computed in accordance with GASB Statement No. 16.

Encumbrances

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the District.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Equity

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

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually obligated required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned – Amounts that are designated as committed by the District but are not spendable until a budget ordinance is passed.

Unassigned – All amounts not included in other spendable classifications. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet – Governmental Fund (page 14). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the District or the assignment has been changed by the District. Decreases in fund balance reduce first unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Adoption of New Accounting Principles

During 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement addresses accounting and financial reporting for other postemployment benefits (OPEB) for health care and life insurance that are provided to employees of state and local government agencies. In addition, Statement No. 75 supersedes portions of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Most significantly, the District is required to recognize the remaining liability for its proportionate share of the OPEB liability of the health plan presented in Note L.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE B – CASH

At December 31, 2018, the District had cash and cash equivalents totaling as follows:

Cash in bank – checking	\$ <u>823,028</u>
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These deposits are stated at cost, which approximates market. Under state law, 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2018, none of the District’s deposits were exposed to custodial credit risk because all deposits were insured by FDIC insurance or collateralized by securities held by the Federal Reserve Bank in a three way custodial account.

NOTE C – PROPERTY TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission. The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

The Sheriff of East Baton Rouge Parish, as provided by LRS 33:1435, is the official tax collector of general property taxes levied by the Parish and Parish Special Districts. By agreement, the Sheriff is also the tax collector for City property taxes for which he receives a commission of 4.5% of total taxes collected for the City. December tax collections remitted to the District by the Sheriff in January are reported as “Due from other governmental units.”

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE C – PROPERTY TAXES (continued)

The 2018 property tax calendar is as follows:

Millage rates adopted	May 1, 2018
Levy date	December 1, 2018
Tax bills mailed	December 1, 2018
Due date	December 31, 2018
Lien date	January 1, 2019

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. Property taxes become delinquent January 1 of the following year. If taxes are not paid by the due date, taxes bear interest at the rate of 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed. Therefore, there are no delinquent taxes at year-end.

All property taxes are recorded in governmental funds, and as explained in Note A, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the entire tax roll less an estimate for uncollectible taxes is recorded as revenue in the current calendar year. Uncollectible taxes are those taxes which, based on past experiences, will not be collected in the subsequent year and are primarily due to subsequent adjustments of the tax rolls. All of the net taxes receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Property taxes are considered available because they are substantially collected within 60 days subsequent to year-end or they are completely available for short-term debt and short-term advances from the tax collector due to time lags between collections and the remittance to the District.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE D – FIRE PROTECTION SERVICE CHARGES

The District is empowered to assess a service fee of \$ 32 for each residential and commercial structure in the District.

The service fees are recorded in the governmental fund, and as explained in Note A, revenues in governmental funds are recognized in the accounting period in which they become available and measurable. Service fees are considered measurable in the calendar year of the assessment. Accordingly, the entire assessment less an estimate for uncollectible service fee is recorded as revenue in the current calendar year. All of the net service fees receivable at the end of the year are considered available. Available means due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period.

NOTE E – RECEIVABLES

Property taxes and fire protection service charges receivable and estimated uncollectible for the District as of December 31, 2018, are as follows:

Ad valorem taxes:		
Amounts receivable	\$	487,735
Estimated uncollectible		<u>24,387</u>
	\$	<u><u>463,348</u></u>
Fire protection service charges:		
Amounts receivable	\$	49,168
Estimated uncollectible		<u>2,458</u>
	\$	<u><u>46,710</u></u>

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE F – DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units as of December 31, 2018, are as follows:

East Baton Rouge Parish Sheriff	\$ <u>1,185,142</u>
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NOTE G – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2018, follows:

	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, December 31, <u>2018</u>
Land	\$ 43,000	\$ -	\$ -	\$ 43,000
Buildings	489,318	5,669	-	494,987
Equipment and furniture	1,840,686	36,484	37,493	1,839,677
Vehicles	<u>173,955</u>	<u>37,364</u>	<u>14,000</u>	<u>197,319</u>
	2,546,959	79,517	51,493	2,574,983
Less accumulated depreciation	<u>1,553,236</u>	125,230	36,172	<u>1,642,294</u>
Capital assets, net	\$ <u>993,723</u>			\$ <u>932,689</u>

NOTE H – PENSION PLAN

Plan Description. The District contributes to the Firefighters' Retirement System (FRS). The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits and annual cost-of-living adjustments to plan members and beneficiaries.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLAN

Plan Description. The District contributes to the Firefighters' Retirement System (FRS). The plan is a cost-sharing, multiple-employer defined-benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits and annual cost-of-living adjustments to plan members and beneficiaries.

Benefits provided – All full time employees of the District become a member of the Retirement System. The pension plan provides retirement benefits, as well as death and disability benefits. The benefits of the Firefighters Retirement System are available to members with 12 years of creditable service who may retire at age 55, members with 20 or more years of service who have attained age 50, or members with 25 years of service may retire regardless of age, provided they have been a member of the system for at least one year. Benefits equal to 3-1/3% of the employees' average compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Under the provisions of R.S. 11:246 and 11:2260A(7), retired members and widows/widowers of members receive an annual cost of living increase of up to 3% of their current benefit and all retired members and widows/widowers who are 65 years of age and older a 2% increase.

Survivor spouse benefits- Under the Firefighters Retirement System, survivor spouses are entitled to an annual benefit equal to two-thirds of the deceased member's compensation if the member's death is in the line of duty. If a member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit of 3% of the deceased member's average compensation multiplied by their total years of creditable service. In no event is the annual benefit less than 40% or more than 60% of the deceased member's average final compensation. The surviving spouse of a member who is on disability retirement at the time of death receives a benefit of \$200 per month. When the member takes disability retirement, he/she may, in addition, take an actuarially reduced benefit, in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree.

Deferred Retirement Option Plan (DROP) – 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.

The employer and employee contributions to the System cease for anyone participating in the DROP plan. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. If an employee that is participating in the program is terminated, they shall receive, at their option, a lump sum payable from the account of an annuity based on the deferred retirement option plan account balance in addition to their regular monthly benefit.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLAN (continued)

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 DROP account until the participant retires.

Contributions – The Firefighters’ Retirement System contribution rates are under the provision of R.S. 11:62, 11:103, and 22:1476A(3), and is financed by a combination of employee contributions, employer contributions, and insurance premium taxes. The employee contribution rate is set by R.S. 11:62 and cannot be less than 8% or more than 10%. Plan members of the Firefighters’ Retirement System are required by the plan to contribute 10% effective January 1, 2012, and 8% for year 2011. The employer rate as of July 1, 2018 was 26.5%, July 1, 2017 was 28.5%; July 1, 2016 was 25.25%; July 1, 2015 was 27.25%; July 1, 2014, was 28.25%; July 1, 2012, was 24%; July 1, 2011, was 23.25%; and 21.5% as of January 1, 2010, of the annual covered payroll. The contributions paid by the District and plan participants for the years ended December 31, 2018, 2017, and 2016, were \$ 305,755, \$ 272,410, and \$ 207,787, which equaled the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the District reported a liability of \$ 1,931,215 for its proportionate share of the net pension liability for the Firefighters’ Retirement System. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of the Firefighters’ Retirement System, actuarially determined. At June 30, 2018, the District’s proportion was 0.335742%, which was an increase of 0.017415% from its proportion measured as of June 30, 2017.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLAN (continued)

Actuarial assumptions – A summary of the actuarial methods and assumptions used in determining the total pension liability as of the respective years shown below are as follows:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Actuarial value of assets	Market value
Discount rate	7.30%
Expected long-term rate of return	7.30%
Municipal bond rate	N/A
Inflation	2.7%
Investment rate of return – net of pension plan investment expense, including inflation	7.30%
Expected remaining service lives	7 years

The mortality schedules used for the Firefighters' Retirement System were the RP-200 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2013 using Scale AA for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLAN (continued)

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity:		
U.S. equity	22.00%	6.14%
Non-U.S. equity	22.00%	7.46%
Global equity	10.00%	6.74%
Fixed Income	26.00%	1.76%
Alternatives:		
Real estate	6.00%	4.38%
Private equity	4.00%	8.73%
Multi-asset strategies:		
Global tactical asset allocation	5.00%	4.31%
Risk parity	<u>5.00%</u>	4.89%
Inflation		2.75%

Discount rates – The discount rate used to measure the total pension liability was 7.30% for the Firefighters’ Retirement System. The projection of cash flows used to determine the discount rate assumed that contributions for plans members will be made at the current contribution rates and that contributions from participating employers and non-employer entities will be made at the actuarially determined rates approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee, taking into consideration the recommendations of the Firefighters’ Retirement System actuary. Based on those assumptions, Firefighters’ Retirement 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.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE H – PENSION PLAN (continued)

Sensitivity of the Net Pension Liability to changes in the discount rate – The following presents the net pension liability using the discount rate of 7.30%, as well as what the net pension liability would be if it were calculated using a discount rate of 1 percent point lower (6.30%) or 1 percent point higher (8.30%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% increase</u>
Rates	6.30%	7.30%	8.30%
District’s share of NPL	\$ 2,848,098	\$ 1,931,215	\$ 1,185,926

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report. The Firefighters’ Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Firefighters’ Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana, or by calling (225) 925-4060. This financial report can also be obtained online.

NOTE I – LEASES

Annual rental fees of fire hydrants totaled \$ 8,157 for the year ended December 31, 2018. There is no lease agreement for these hydrants. The lease of this equipment is mandated by the City-Parish of Baton Rouge in an agreement with the local water companies.

NOTE J – LONG-TERM DEBT

During 2017, the District borrowed funds under a Community Disaster Loan program administered by the U.S. Department of Homeland Security and the Federal Emergency Management Agency (FEMA). This loan is for the repair of facilities damaged by flooding in August 2016. This loan accrues interest at 2% annually until paid. The entire obligation, plus any accrued interest, is due in March 2022, unless the term of the note is extended at the sole discretion of FEMA or is canceled pursuant to Section 417 of the Stafford Disaster Relief and Emergency Assistance Act.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE I – LONG-TERM OBLIGATIONS

A summary of the long-term obligation of the District as of December 31, 2018, is as follows:

	Balance, January 1, <u>2018</u>	<u>Additions</u>	Deductions/ <u>repayments</u>	Balance, December 31, <u>2018</u>
Compensated absences	\$ 62,617	\$ 8,009	\$ -	\$ 70,626
Community Disaster Loan	200,000	-	-	200,000
Capital leases	<u>186,197</u>	<u>-</u>	<u>27,497</u>	<u>158,700</u>
Totals	\$ <u>448,814</u>	\$ <u>8,009</u>	\$ <u>27,497</u>	\$ <u>492,326</u>

An equipment lease was originally issued in April 2016, with an original balance of \$ 212,920 payable over a six year period bearing interest at 4.85% for the purpose of purchasing a fire truck. Payment of \$ 36,510 is made annually.

Annual payments on long-term obligations outstanding at December 31, 2018, are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 28,810	\$ 7,700	\$ 36,510
2020	30,208	6,302	36,510
2021	31,673	4,837	36,510
2022	268,030	23,322	291,352
203 and later	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ <u>358,721</u>	\$ <u>42,161</u>	\$ <u>400,882</u>

NOTE J – SUPPLEMENTAL PAY

The statement of activities reflects income and program expenses of \$ 88,550 for supplemental pay from the State of Louisiana paid directly to the covered employees. This amount was recorded in revenue and an offsetting expenditure was recorded in payroll and related expenses.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE K – DEFERRED COMPENSATION PLAN

The District participates in The National Association of Counties (NACO) Deferred Compensation Program, which is a cost-sharing multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future periods. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the participants and their beneficiaries. Participants' rights under the plan are equal to the fair market value of their deferred accounts.

It is the opinion of the State's Attorney General that the District has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary investor. The plan's trustee, who provides certain options, manages investments. The participants make the choice of investment options.

NOTE L – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The District Six Fire Protection District OPEB plan is a single-employer defined benefit "substantive plan" as understood by the employer and its employees. The plan provides health insurance benefits to eligible retirees and their spouses. There is no written plan that exists or is sanctioned by law. The OPEB plan is reported based on communications to plan members. The OPEB plan does not issue a stand-alone financial report.

There are currently 4 active members and no retirees receiving benefits.

Retirees with at least 10 years of service maintain the same benefits as current employees. The individual is entitled to one year of health benefits for every full year served.

Funding Policy

The health plan is funded with employer payment of the premiums. The employer portion of pay-as-you-go OPEB insurance premiums are allocated over all participants in the OPEB plan.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE L – OTHER POST-EMPLOYMENT BENEFITS (continued)

Annual OPEB cost and net OPEB obligation

The District's total OPEB liability of \$ 1,777,768 was measured as of December 31, 2018, and was determined by an actuarial valuation date as of December 31, 2017.

Actuarial Assumptions

The total OPEB liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

The individual entry age-actuarial cost method was used for the December 31, 2017 actuarial valuation. Because the District currently funds OPEB using a pay-as-you-go approach, the discount rate of 3.16% is based on the historical (and expected) investments that are expected to be used in financing the payment of benefits. The actuarial assumptions included a 2% investment rate of return, an inflation rate of 4.0%, and an annual medical cost trend rate of 4.6% initially, increased to an ultimate rate of 4.7% after ten years. Life expectancies were based on the RP2000 Mortality Table set forward ten years. Turnover rates were based on standard turnover assumptions. The agency's unfunded actuarial accrued liability is being amortized using a level percentage of payroll with an amortization period of 30 years.

Changes in the Total OPEB Liability

Changes in the total OPEB liability for the year ended December 31, 2018, were as follows:

Balance at December 31, 2017, as restated	\$ 1,162,477
Service cost	27,599
Interest on OPEB liability	36,839
Effect of economic/demographic gains or losses	(107,043)
Effect of assumptions changes	106,872
Benefit payments	<u>(48,976)</u>
 Balance, December 31, 2018	 \$ <u>1,177,768</u>

Total OPEB expense for the year ended December 31, 2018, was \$ 64,267, and no deferred outflows of resources or deferred inflows of resources were recognized.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE L – OTHER POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of OPEB liability

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point higher or one percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% increase</u>
Rates	1.30%	2.30%	3.30%
District's share of OPEB liability	\$ 1,318,542	\$ 1,177,768	\$ 1,054,612
Change from baseline	\$ 140,773	\$ -	\$(123,156)

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability if it were calculated using a different healthcare trend rate than the current assumed rate:

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
District's share of OPEB liability	\$ 1,036,209	\$ 1,177,768	\$ 1,340,047
Change from baseline	\$(141,559)	\$ -	\$ 162,279

NOTE M – EVALUATION OF SUBSEQUENT EVENTS

Subsequent events were evaluated through June 29 2019, which is the date the financial statements were available to be issued.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE N – COMPENSATION PAID TO COMMISSION MEMBERS

The following is a list of commission members appointed for the year ended December 31, 2018. The commission members did not receive any compensation for their service on the board of District Six Fire Protection District during the year ended December 31, 2018.

Chris Medine, Chairman
Reginald Higgins, Vice-Chairman
Charles May, Commissioner
Sharon Graves, Commissioner
Stanley Pullman, Commissioner

NOTE O – PRIOR PERIOD ADJUSTMENT

As discussed in Note A, the District implemented new accounting pronouncements during the year ended December 31, 2018, related to accounting and reporting for certain postemployment benefits. As a result of this new accounting standard, net position as of December 31, 2017, was restated as follows:

Net position, December 31, 2017, as originally reported	\$ 1,023,697
Adjustment to restate OPEB liability	(<u>1,162,477</u>)
Net position, December 31, 2017, as restated	\$(<u>138,780</u>)

REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES:				
Taxes:				
Ad valorem taxes	\$ 1,275,000	\$ 1,275,000	\$ 1,563,269	\$ 288,269
Fire protection service fees	<u>190,000</u>	<u>190,000</u>	<u>203,577</u>	<u>13,577</u>
Total taxes	<u>1,465,000</u>	<u>1,465,000</u>	<u>1,766,846</u>	<u>301,846</u>
Intergovernmental revenues:				
State fire insurance rebate	65,000	65,000	59,530	(5,470)
City-Parish General Fund	71,250	71,250	71,250	-
State revenue sharing	<u>87,500</u>	<u>87,500</u>	<u>91,006</u>	<u>3,506</u>
Total intergovernmental funds	<u>223,750</u>	<u>223,750</u>	<u>221,786</u>	<u>(1,964)</u>
Miscellaneous revenue:				
Interest earned	15,000	15,000	36,493	21,493
Miscellaneous revenues	<u>30,000</u>	<u>30,000</u>	<u>70,982</u>	<u>40,982</u>
Total miscellaneous revenue	<u>45,000</u>	<u>45,000</u>	<u>107,475</u>	<u>62,475</u>
Total Revenue	<u>1,733,750</u>	<u>1,733,750</u>	<u>2,096,107</u>	<u>362,357</u>
EXPENDITURES:				
Current operations:				
General government:				
Accounting	19,000	19,000	20,408	(1,408)
Legal	<u>30,000</u>	<u>30,000</u>	<u>2,870</u>	<u>27,130</u>
Total general government	<u>49,000</u>	<u>49,000</u>	<u>23,278</u>	<u>25,722</u>
Public safety:				
Advertising	1,900	1,900	183	1,717
Dues	3,100	3,100	3,587	(487)
Employee benefits	416,800	416,800	410,325	6,475
Fee billings	21,000	21,000	11,178	9,822
Food	2,500	2,500	1,609	891
Insurance	57,800	57,800	58,679	(879)
Maintenance and repairs	68,800	68,800	54,260	14,540
Medical	2,000	2,000	445	1,555

See auditor's report on supplementary information.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)

Year Ended December 31, 2018

	<u>Budgeted</u> <u>Original</u>	<u>Amounts</u> <u>Final</u>	<u>Actual</u> <u>Amounts</u>	Variance with Final Budget Positive (Negative)
Miscellaneous	-	-	374	(374)
Pest control	700	700	300	400
Postage	1,500	1,500	940	560
Rent	8,200	8,200	8,157	43
Retirement costs – other	42,000	42,000	109,697	(67,697)
Salaries	835,000	835,000	863,634	(28,634)
Supplies	39,300	39,300	40,117	(817)
Telephone	9,000	9,000	8,401	599
Training and travel	10,000	10,000	11,418	(1,418)
Utilities	<u>10,500</u>	<u>10,500</u>	<u>9,984</u>	<u>516</u>
Total public safety	<u>1,530,100</u>	<u>1,530,100</u>	<u>1,593,288</u>	<u>(63,188)</u>
Capital outlay:				
Firefighting equipment	52,000	52,000	70,553	(18,553)
Office equipment	<u>-</u>	<u>-</u>	<u>8,964</u>	<u>(8,964)</u>
Total capital outlay	<u>52,000</u>	<u>52,000</u>	<u>79,517</u>	<u>(27,517)</u>
Debt service:				
Principal retirement	35,200	35,200	27,497	7,703
Interest expense	<u>-</u>	<u>-</u>	<u>9,013</u>	<u>(9,013)</u>
Total debt service	<u>35,200</u>	<u>35,200</u>	<u>36,510</u>	<u>(1,310)</u>
Total Expenditures	<u>1,666,300</u>	<u>1,666,300</u>	<u>1,732,593</u>	<u>(66,293)</u>
OTHER FINANCING SOURCES (USES):				
Community Disaster Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	67,450	67,450	363,514	296,064
Fund balance, beginning of year	<u>2,070,520</u>	<u>2,070,520</u>	<u>2,070,520</u>	<u>-</u>
Fund balance, end of year	\$ <u>2,137,970</u>	\$ <u>2,137,970</u>	\$ <u>2,434,034</u>	\$ <u>296,064</u>

See auditor's report on supplementary information.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF CHANGES IN DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2018</u>
Service cost	\$ 27,599
Interest on OPEB liability	36,839
Economic/demographic gains/losses	(107,043)
Change in assumptions	106,873
Benefit payments	(48,976)
	<u>15,2981</u>
Net change in OPEB liability	
Total OPEB liability - beginning	<u>1,162,477</u>
Total OPEB liability - ending	\$ <u>1,177,768</u>
Covered employee payroll	\$ <u>323,652</u>
Total OPEB liability as a percentage of covered employee payroll	364%

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

See auditor's report on supplementary information.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

Year ended December 31,	Employer's Proportionate Share of the Net Pension Liability (Assets)	Employer's Proportion of the Net Pension Liability (Assets)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of Net Pension Liability (Assets) as % of Covered- Employee Payroll	Plan Fiduciary Net Position As a Percentage of Total Pension Liability
2018	0.335742%	\$ 1,931,215	\$ 819,283	235.720%	74.76%
2017	0.318237%	\$ 1,824,603	\$ 806,274	226,.300%	73.55%
2016	0.338180%	\$ 2,212,003	\$ 741,822	298,185%	68.16%
2015	0.328700%	\$ 1,774,289	\$ 750,993	236.259%	72.45%

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF DISTRICT'S CONTRIBUTIONS

Year ended December 31,	Contractually required contribution	Contributions in relation to contractually required contributions	Contributions deficiency (excess)	Contributions as a % of covered-employee payroll
2018	\$ 305,755	\$ 305,755	\$ 0	37.320%
2017	\$ 272,411	\$ 272,411	\$ 0	33.786%
2016	\$ 268,967	\$ 268,967	\$ 0	36.258%
2015	\$ 287,050	\$ 287,050	\$ 0	38,223%

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

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS

Year Ended December 31, 2018

There were no findings for the year ended December 31, 2018.

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES

Year Ended December 31, 2018

There were no findings for the year ended December 31, 2017, noted in the prior audit report dated July 2, 2018.

SUPPLEMENTARY INFORMATION

DISTRICT SIX FIRE PROTECTION DISTRICT
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
Year Ended December 31, 2018

Agency Head: Joel Hancock, Fire Chief

Purpose:	Amount:
Salary	\$ 102,801
Benefits – insurance	\$ 13,503
Benefits – retirement	\$ 27,242
Benefits – payroll taxes	\$ 1,362
Car allowance	None
Vehicle provided by government	None
Per diem	None
Reimbursements	None
Travel	None
Registration fees	None
Conference travel	None
Continuing professional education fees	None
Cell phone provided by government	\$ 2,409
Unvouchered expenses	None
Special needs	None

See auditor's report on supplementary information.



WILLIAM D. MERCER, CPA

A PROFESSIONAL ACCOUNTING
CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Members of the Board of Commissioners of District Six Fire Protection District
And the Louisianan Legislative Auditor
Baton Rouge, Louisiana

I have performed the procedures enumerated below, which were agreed to by District Six Fire Protection District (Entity) and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal period January 1, 2017 through December 31, 2018. The Entity's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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, I make no representation regarding the sufficiency of the procedures described below 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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were reviewed. No exceptions were noted

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Board minutes for the fiscal period were examined. The Board met six times during the year.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Minutes for all meetings referenced examination of interim financial and budget information.

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

The prior audit report did not reflect a negative ending unrestricted fund balance.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

A listing of all bank accounts was obtained from management. During the fiscal period, the District had three checking accounts. Reconciliations of all accounts were prepared each month by the external accountant, and all bank reconciliations were reviewed by the Board chairperson. As of December 31, 2018, no reconciling items had been outstanding for more than 12 months.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

For the period under examination, all deposits were prepared at the District's main location on Prescott Road.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The only collection site for the District is the fire station location on Prescott Road. Most funds received during the fiscal year were transmitted by direct deposit, although a very limited number of physical checks were received. Funds received by the District were deposited within one business day of receipt.

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

No cash is accepted by the District.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted.

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

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

Non-payroll disbursements are initiated at the main firehouse location on Prescott Road, and all payments are processed by the external accountant.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
-

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

Purchases are initiated within the entity, usually by the Fire Chief or an Assistant Chief. All selected disbursements were approved by the Fire Chief when approving bills to be paid by the outside accountant. No new vendors are paid without prior approval from the Fire Chief.

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

All purchases are approved by the Fire Chief or an Assistant Fire Chief, and payment for those purchases is approved by the Fire Chief. The District's external accountant prepares all payments for signature and includes applicable supporting documentation, such as invoices and packing slips, with the payment. No exceptions were noted.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The District's general ledger was obtained and sorted for travel and expense reimbursements. The District incurred no travel expense during the fiscal period under examination.

Contracts

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

For the period under examination, the District had four agreements/contracts for professional services, including a copier lease, legal services, accounting services, and information technology and computer services. Written contracts were examined for all but the information technology and computer services, for which no written agreement exists. The services under this agreement were on an "as needed" basis only. One payment under each contract and agreement was examined, and no exceptions were noted.

Payroll and Personnel

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

A listing of employees and related salaries was provided by the District. Compensation for five randomly selected employees was traced to employee records. No exceptions were noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Attendance and leave records for all employees were examined for the pay period ended May 31, 2018. Time sheets were examined for each employee during the pay period, which included attendance and leave taken. All regular employee time sheets were approved by an Assistant Chief, and all Assistant Fire Chief time sheets were approved by the Fire Chief. Time sheets for the Fire Chief were approved by the Board chairperson. Written leave records are maintained for each pay period. No exceptions were noted.

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

During the fiscal period under examination, only one regular employee was terminated. The termination check for that employee was examined to ensure that accrued leave was documented and paid. No exceptions were noted.

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

Obtained management's representation that all payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums were paid as required and all payroll tax returns have been filed as required.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
-

During the fiscal period under examination, no bonds or other long-term debt was issued.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

All required debt payments were made on a timely basis during the fiscal period.

Other

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

No misappropriation of public funds or assets were known or disclosed for the fiscal period.

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

The District has posted on its premises and its website the required notice related to reporting of misappropriation, fraud, waste, or abuse of public funds.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the Statewide Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

William J. Mercator, CPA (APAC)

Baton Rouge, Louisiana
June 29, 2019