

Fire Protection District No. 1
Beauregard Parish Police Jury
State of Louisiana

Annual Financial Statements
With Independent Auditor's Report

December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended December 31, 2017, 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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the district's proportionate share of the net pension liability and schedule of district's pension contribution on pages 24 through 26 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's basic financial statements. The schedule of per diem paid to board members and schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2018, on our consideration of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive style with a large initial 'J'.

DeRidder, Louisiana
April 19, 2018

BASIC FINANCIAL STATEMENTS

Fire Protection District No. 1
 Beauregard Parish Police Jury
 DeRidder, Louisiana

Statement A

Statement of Net Position
 December 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,321,838
Receivables:	
Ad valorem taxes	485,921
Capital assets not being depreciated	23,949
Capital assets being depreciated, net	762,858
Total assets	\$ 2,594,566
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	\$ 32,154
Total assets and deferred outflows of resources	\$ 2,626,720
LIABILITIES	
Accounts payable	\$ 10,156
Contracts payable	61,807
Payroll taxes payable	3,173
Retirement payable	2,194
Pension payable - ad valorem tax	16,477
Long term liabilities:	
Due within one year	-
Due in more than one year	174,690
Total liabilities	\$ 268,497
DEFERRED INFLOWS OF RESOURCES	
Pension contributions	\$ 15,555
Total liabilities and deferred inflows of resources	\$ 284,052
NET POSITION	
Net investment in capital assets	\$ 786,807
Unrestricted	1,555,861
Total net position	\$ 2,342,668
Total liabilities, deferred inflows of resources and net position	\$ 2,626,720

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Statement B

Statement of Activities
For the Year Ended December 31, 2017

		Program Revenues	Net (Expenses) Revenues and Changes in Net Position
Program Activities	Expenses	Capital Grants and Contributions	Governmental Activities
Governmental activities:			
Public safety	\$ 504,744	\$ 3,197	\$ (501,547)
Interest on long term debt	701	-	(701)
	<u>\$ 505,445</u>	<u>\$ 3,197</u>	<u>\$ (502,248)</u>
General revenues:			
Taxes:			
Ad valorem taxes			498,952
Fire insurance tax			32,937
Investment earnings			25,267
Insurance proceeds			575
Sale of assets			(39,733)
Nonemployer pension revenue			7,714
Total general revenues			<u>525,712</u>
Change in net position			23,464
Net position at beginning of year			2,319,204
Net position at end of year			<u>\$ 2,342,668</u>

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
 Beauregard Parish Police Jury
 DeRidder, Louisiana

Statement C

Balance Sheet
 Governmental Funds
 December 31, 2017

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 1,288,845	\$ 32,993	\$ 1,321,838
Receivables:			
Ad valorem	485,239	682	485,921
Total assets	<u>\$ 1,774,084</u>	<u>\$ 33,675</u>	<u>\$ 1,807,759</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,156	\$ -	\$ 10,156
Contracts payable	61,807	-	61,807
Payroll taxes payable	3,173	-	3,173
Retirement payable	2,194	-	2,194
Pension payable - ad valorem tax	16,477	-	16,477
Total liabilities	<u>\$ 93,807</u>	<u>\$ -</u>	<u>\$ 93,807</u>
Fund Balances:			
Unassigned	<u>\$ 1,680,277</u>	<u>\$ 33,675</u>	<u>\$ 1,713,952</u>
Total liabilities and fund balances	<u>\$ 1,774,084</u>	<u>\$ 33,675</u>	<u>\$ 1,807,759</u>

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Statement D

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2017

Total fund balance - total governmental funds		\$	1,713,952
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.			786,807
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows			32,154
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows			(15,555)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Due within one year	\$	-	
Due in more than one year		(174,690)	
		<u> </u>	<u> </u>
			(174,690)
Net position of governmental activities		\$	<u><u>2,342,668</u></u>

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Statement E

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	Major Funds		Total Governmental Funds
	General Fund	Debt Service Fund	
Revenues			
Taxes:			
Ad valorem	\$ 498,952	\$ -	\$ 498,952
Fire insurance tax	32,937	-	32,937
Intergovernmental:			
Local grant	3,197	-	3,197
Investment income	25,087	180	25,267
Total revenues	\$ 560,173	\$ 180	\$ 560,353
Expenditures			
Current operating:			
Public safety	\$ 355,816	\$ 250	\$ 356,066
Debt service:			
Principal	-	90,000	90,000
Interest	-	2,081	2,081
Capital outlay	118,494	-	118,494
Total expenditures	\$ 474,310	\$ 92,331	\$ 566,641
Excess (deficiency) of revenues over expenditures	\$ 85,863	\$ (92,151)	\$ (6,288)
Other financing sources:			
Insurance proceeds	\$ 575	\$ -	\$ 575
Sale of assets	2,501	-	2,501
Total other financing sources	\$ 3,076	\$ -	\$ 3,076
Net change in fund balance	\$ 88,939	\$ (92,151)	\$ (3,212)
Fund balances at beginning of year	1,591,338	125,826	1,717,164
Fund balances at end of year	\$ 1,680,277	\$ 33,675	\$ 1,713,952

The accompanying notes are an integral part of this statement.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Statement F

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	(3,212)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		
		118,494
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(42,234)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.		
		(2,677)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of bond repayments.		
		90,000
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		
		(138,287)
Accrued interest on long term debt is not shown in the governmental funds.		
		<u>1,380</u>
Change in net position of governmental activities	\$	<u>23,464</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements
As of and for the Year Ending December 31, 2017

INTRODUCTION

Fire Protection District No. 1, Parish of Beauregard, State of Louisiana was established through the adoption of a resolution, Ordinance No. 3-78, dated May 9, 1978, by the Beauregard Parish Police Jury, State of Louisiana. The District provides fire protection and safety for Wards One, Two and Five of Beauregard Parish, Louisiana. A board of five commissioners appointed by the Beauregard Parish Police Jury, State of Louisiana, governs the district and are compensated for their services. Two employees handle the administrative and clerical duties of the district and the rest of the District are volunteers. The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Government Units*.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, Fire Protection District No. 1, Parish of Beauregard, State of Louisiana is considered a component unit of the Beauregard Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, whether blended into those financial statements or separately reported as discrete component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the district. For the most part, the effect of interfund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the funds financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources, except for those in another fund.

The Debt Service Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

The District has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivable are shown net of an allowance for collectibles.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The District levies taxes on real and business personal property located within the boundaries of the district. Property taxes are levied by the district on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the district. Collections are remitted to the district monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2017
Levy date	June 30, 2017
Tax bills mailed	October 15, 2017
Total taxes are due	December 31, 2017
Penalties & interest due	January 31, 2018
Lien date	January 31, 2018

For the year ended December 31, 2017, taxes of 5.94 mills were levied on property with an assessed valuation totaling \$81,689,895, and were dedicated as follows. Property taxes are levied on a calendar year basis and become due on January 1 each year. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General maintenance	5.94	5.94	Renewed Annually

The following are the principal taxpayers and related property tax revenue for the district:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for District</u>
Boise Packaging & Newsprint L.L.C	Paper Products	\$ 31,286,743	38.30%	\$ 185,843
Pintail WI L.L.C.	Oil & Gas	8,856,396	10.84%	52,607
Indigo II Louisiana Operating L.L.C.	Oil & Gas	4,641,737	5.68%	27,572
Texegy Operating Co., LLC	Oil & Gas	6,486,520	7.94%	38,530
Total		\$ 51,271,396	62.76%	\$ 304,552

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 Fire Protection District No. 1, Parish of Beauregard, State of Louisiana was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Improvements	20-40 years
Buildings	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-20 years
Machinery and equipment	5-20 years

F. Compensated Absences

The District does not allow and has no written policy relating to compensated absences.

G. Long-Term Obligations

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

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

H. Fund Balances

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the district, which are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items as of December 31, 2017.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 those estimates.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

K. Economic Dependency

The District receives a substantial portion of its ad valorem tax revenue from Boise Packaging and Newsprint, L.L.C. During the year ended December 31, 2017, Fire District No. 1, Parish of Beauregard, State of Louisiana received \$185,843 in ad valorem tax revenue from Boise Packaging and Newsprint, L.L.C. which represents 32.98% of total revenue.

L. Restricted Net Position

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System (FRS) and additions to/deductions from FRS's fiduciary net positions have been determined on the same basis as they are reported by FRS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing FRS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District's proportionate share of the plans net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

N. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The District uses the following budget practices:

1. The secretary prepares a proposed budget and submits same to the Board of Commissioners no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners.
4. All budgetary appropriations lapse at the end of each fiscal year

Fire Protection District No. 1
Beauregard Parish Police Jury
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Notes to the Financial Statements (Continued)

5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Commissioners. Such amendments were not material in relation to the original appropriations.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual funds have actual expenditures over budgeted appropriations for the year ended December 31, 2017.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 383,800	\$ 463,519	\$ 474,310	\$ 10,791

3. CASH AND CASH EQUIVALENTS

At December 31, 2017, the District has cash and cash equivalents (book balances) totaling \$1,321,838 as follows:

Insured cash account	\$ 18,703
Time deposits	775,000
Interest bearing demand deposits	5,817
Petty cash	200
Passbook savings	522,118
Total	\$ 1,321,838

The cash and cash equivalents of the Fire District No. 1, Parish of Beauregard, State of Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the 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 or exceed the amount on deposit with the fiscal agent. 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

At December 31, 2017, the District has \$1,321,963 in deposits (collected bank balances). These deposits are secured from risk by \$1,043,703 of federal deposit insurance and \$278,260 of pledged securities held by an unaffiliated bank of the pledgor bank. These deposited pledged securities are deemed by law to be under the control and possession and in the name of the District and are therefore properly collateralized.

4. RECEIVABLES

The receivables of \$485,921 at December 31, 2017, are as follows:

Class of receivable	General Fund	Debt Service Fund	Total
Taxes:			
Ad valorem	\$ 485,239	\$ 682	\$ 485,921

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, for the District is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 23,949	\$ -	\$ -	\$ 23,949
Capital assets being depreciated				
Buildings	\$ 370,804	\$ 61,807	\$ -	\$ 432,611
Improvements	199,621	8,545	-	208,166
Machinery and equipment	1,723,596	11,002	-	1,734,598
Furniture and fixtures	5,173	-	-	5,173
Vehicles	1,289,964	37,140	85,900	1,241,204
Total capital assets being depreciated	<u>\$ 3,589,158</u>	<u>\$ 118,494</u>	<u>\$ 85,900</u>	<u>\$ 3,621,752</u>
Less accumulated depreciated for:				
Buildings	\$ 237,869	\$ 9,270	\$ -	\$ 247,139
Improvements	68,195	8,126	-	76,321
Machinery and equipment	1,564,348	25,754	-	1,590,102
Furniture and fixtures	5,173	-	-	5,173
Vehicles	888,688	95,137	43,666	940,159
Total accumulated depreciation	<u>\$ 2,764,273</u>	<u>\$ 138,287</u>	<u>\$ 43,666</u>	<u>\$ 2,858,894</u>
Total capital assets being depreciated, net	<u>\$ 824,885</u>	<u>\$ (19,793)</u>	<u>\$ (42,234)</u>	<u>\$ 762,858</u>

Depreciation expense of \$138,287 for the year ended December 31, 2017, was charged to the following governmental functions:

Public safety	<u>\$ 138,287</u>
---------------	-------------------

6. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$93,807 at December 31, 2017, are as follows:

	General Fund
Payroll taxes	\$ 3,173
Retirement	2,194
Accounts	10,156
Contracts	61,807
Pension	16,477
Total	<u>\$ 93,807</u>

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended December 31, 2017.

	Bonded Debt	Net Pension Liability	Total
Long-term obligations at beginning of year	\$ 90,000	\$ 200,937	\$ 290,937
Additions	-	-	-
Principal payments	(90,000)	-	(90,000)
Reductions	-	(26,247)	(26,247)
Long-term obligations at end of year	\$ -	\$ 174,690	\$ 174,690

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of December 31, 2017:

	Bonded Debt	Net Pension Liability	Total
Current portion	\$ -	\$ -	\$ -
Long-term portion	-	174,690	174,690
Total	\$ -	\$ 174,690	\$ 174,690

8. RETIREMENT SYSTEM

The Firefighters' Retirement System of Louisiana is a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description

Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, PO Box 94095, Baton Rouge, LA, 70804, or by calling (225) 925-4060.

Funding Policy

Plan members are required by state statute to contribute 10.00 percent of their annual covered salary and the district is required to contribute at an actuarially determined rate. The current rate is 26.50% of annual covered payroll.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The contribution requirements of plan members and the district are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2017, 2016 and 2015 were \$18,662, \$18,426, and \$19,306, respectively equal to 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, 2017, the District reported a liability of \$174,690 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts, actuarially determined. At June 30, 2017 the District's proportion was .030477%, which was a decrease of .000243% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$27,460. At December 31, 2017, the District recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,742
Changes of assumptions	7,306	42
Net difference between projected and actual earnings on pension plan investments	15,028	-
Changes in proportion and differences between District contributions and proportionate share of contributions	264	5,771
District's contributions subsequent to the measurement date	9,556	-
Total	\$ 32,154	\$ 15,555

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 4,959
2019	7,968
2020	1,303
2021	(6,701)
2022	(711)
2023	225
Total	\$ 7,043

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Continued)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years, closed period
Investment Rate of Return (discount rate)	7.40% per annum (net of investment expenses, including inflation) (decreased from 7.50% in 2016)
Inflation Rate	2.775% per annum (decreased from 2.875% in 2016)
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

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

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.29% for the year ended June 30, 2017.

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Notes to the Financial Statements (Concluded)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

	Asset Type	Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.00%	6.15%
	Non-U.S. Equity	20.00%	7.45%
	Global Equity	10.00%	6.85%
Fixed Income	Fixed Income	23.00%	2.04%
Alternatives	Real Estate	6.00%	4.62%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.40%
	Risk Parity	5.00%	4.79%
		<u>100.00%</u>	

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.40%, or one percentage point higher 8.40% than the current rate as of June 30, 2017:

	Changes in Discount Rate:		
	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net Pension Liability	\$ 251,022	\$ 174,690	\$ 110,521

REQUIRED SUPPLEMENTAL INFORMATION

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 1

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 441,500	\$ 485,239	\$ 498,952	\$ 13,713
Fire insurance tax	30,000	32,937	32,937	-
Intergovernmental:				
Local grant	-	3,197	3,197	-
Investment income	25,000	9,014	25,087	16,073
Other revenue	1,200	-	-	-
Total revenues	<u>\$ 497,700</u>	<u>\$ 530,387</u>	<u>\$ 560,173</u>	<u>\$ 29,786</u>
Expenditures				
Current operating:				
Public safety	\$ 333,800	\$ 350,530	\$ 355,816	\$ (5,286)
Capital outlay	50,000	112,989	118,494	(5,505)
Total expenditures	<u>\$ 383,800</u>	<u>\$ 463,519</u>	<u>\$ 474,310</u>	<u>\$ (10,791)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 113,900</u>	<u>\$ 66,868</u>	<u>\$ 85,863</u>	<u>\$ 18,995</u>
Other financing sources:				
Insurance proceeds	\$ 5,000	\$ 575	\$ 575	\$ -
Sales of assets	-	2,501	2,501	-
Total other financing sources	<u>\$ 5,000</u>	<u>\$ 3,076</u>	<u>\$ 3,076</u>	<u>\$ -</u>
Net change in fund balance	\$ 118,900	\$ 69,944	\$ 88,939	\$ 18,995
Fund balances at beginning of year	<u>1,600,000</u>	<u>1,591,338</u>	<u>1,591,338</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,718,900</u>	<u>\$ 1,661,282</u>	<u>\$ 1,680,277</u>	<u>\$ 18,995</u>

Schedule of the District's Share of the Net Pension Liability
 For the Year Ended December 31, 2017

Firefighters' Retirement System	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>
District's proportion of the net pension liability (asset)	.031638%	.030720%	.030477%
District's proportionate share of the net pension liability (asset)	\$ 170,754	\$ 200,937	\$ 174,690
District's covered-employee payroll	\$ 68,340	\$ 68,207	\$ 72,123
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	249.86%	294.60%	242.21%
Plan fiduciary net position as a percentage of the total pension liability	72.45%	68.15%	73.54%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Fire Protection District No. 1
 Beauregard Parish Police Jury
 DeRidder, Louisiana

Schedule 3

Schedule of the District's Pension Contribution
 For the Year Ended December 31, 2017

Firefighters' Retirement System	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>
Contractually required contribution	\$ 19,306	\$ 18,426	\$ 18,662
Contributions in relation to the contractually required contribution	<u>19,306</u>	<u>18,426</u>	<u>18,662</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 68,340	\$ 68,207	\$ 72,123
Contributions as a percentage of covered-employee payroll	28.25%	27.02%	25.88%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL INFORMATION

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 4

Schedule of Per Diem Paid to Board Members
For the Year Ended December 31, 2017

	<u>Total</u>
Travis Brooks	\$ 360
Wesley Jeans	360
Gerald Spears	360
Marvin Whiddon	360
Mickey Whitaker	360
	<u>\$ 1,800</u>

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 5

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended December 31, 2017

Agency Head Name - Jay Williams

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 68,838
Benefits - insurance	11,990
Benefits - retirement	18,662
Deferred compensation	-
Benefits - other	-
Car allowance	
Vehicle provided by government	Yes
Cell phone	1,281
Dues	225
Vehicle rental	-
Per diem	180
Reimbursements	-
Travel	927
Registration fees	175
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

OTHER REPORTS

Fire Protection District No. 1
Beauregard Parish Police Jury
DeRidder, Louisiana

Schedule 6

Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2017

There were no prior year audit findings for the year ended December 31, 2016.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended December 31, 2017

There were no current year audit findings for the year ended December 31, 2017.

Windham & Reed, L.L.C.

Certified Public Accountants

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John A. Windham, CPA
Charles M. Reed, Jr., CPA

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

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's basic financial statements, and have issued our report thereon dated April 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Fire Protection District No. 1, Parish of Beauregard, State of Louisiana'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 1, Parish of Beauregard, State of Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



DeRidder, Louisiana
April 19, 2018

Windham & Reed, L.L.C.

Certified Public Accountants

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John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Members of the Board of Commissioners
Fire Protection District No. 1
Parish of Beauregard
State of Louisiana

We have performed the procedures enumerated below, which were agreed to by Fire Protection District No. 1, Parish of Beauregard, State of Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
The District does not have written policies and procedures that address budgeting.
 - 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.
The District does not have written policies and procedures that address purchasing.
 - c) **Disbursements**, including processing, reviewing, and approving
The District does not have written policies and procedures that address disbursements.
 - d) **Receipts**, including receiving, recording, and preparing deposits
The District does not have written policies and procedures that address receipts.

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

The District does not have written policies and procedures that address payroll/personnel.

- 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.

The District does not have written policies and procedures that address contracting.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

The District does not have written policies and procedures that address credit cards.

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

The District does not have written policies and procedures that address travel and expense reimbursement.

- 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. Note: Ethics requirements are not applicable to nonprofits.

The District does not have written policies and procedures that address ethics.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The District does not have written policies and procedures that address debt service.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes do not reference any budget to actual comparisons in the General Fund.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan,

report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Not applicable.

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

No exceptions were noted.

Bank Reconciliations

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

Obtained listing and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No exceptions were noted.

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

There was no evidence of bank reconciliations being reviewed by management or a board member.

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

Management does have documentation that reconciling items over 6 months old have been researched.

Collections

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

Obtained listing and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

Not applicable.

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

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

The District does not have a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.

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

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

Obtained the general ledger and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or

payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No requisition/purchase order system or equivalent electronic system is used.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Not applicable.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for purchases were processed without an approved requisition and/or purchase order or electronic equivalent system.

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

Exception: There is no documentation prohibiting the person responsible for processing payments from also adding vendors to the purchasing/disbursement system.

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

Exception: There is no documentation the person with signatory authority has no responsibility for initiating or recording purchases.

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

The supply of unused checks is maintained in a locked location. Exception: A person with signatory authority also has access to print checks.

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

Not applicable.

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

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

Obtained listing and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Selected at least one-third of the cards.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

Reviewed evidence and supporting documentation, in some cases the authorized card holder does review and approve supporting documentation.

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

No finance charges and/or late fees were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

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

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

No exceptions were noted.

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

No exceptions were noted.

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

Not applicable.

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

No written purchasing/disbursement policies.

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

No exceptions were noted.

Travel and Expense Reimbursement

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

Obtained the general ledger and management's representation that the listing is complete.

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

No written policies; however, no examined amounts reimbursed exceeded GSA rates.

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

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

No written policies for travel and expense reimbursements. Reimbursements did not exceed GSA rates.

- b) Report whether each expense is supported by:

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

No exceptions were noted.

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

No exceptions were noted.

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

Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

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

In some instances the person receiving reimbursements also reviewed and approved related documentation for the reimbursement.

Contracts

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

Obtained general ledger and management's representation that the listing is complete.

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

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

No exceptions were noted.

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

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

No exceptions were noted.

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

Not applicable.

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

Not applicable.

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

No exceptions were noted.

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

No exceptions were noted.

Payroll and Personnel

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

Obtained listing and management's representation that the listing is complete.

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

No exceptions were noted.

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

No exceptions were noted.

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

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

Obtained records, no exceptions were noted.

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

Leave is approved by the board, no exceptions were noted.

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

No exceptions were noted.

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

Not applicable.

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

Obtained supporting documentation, no exceptions were noted.

Ethics (excluding nonprofits)

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

No exceptions were noted.

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

No exceptions were noted during inquiries of management. No alleged ethics violations were reported during the year.

Debt Service (excluding nonprofits)

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

Not applicable.

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

No exceptions were noted.

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

Debt service tax millages did not exceed debt service payments by more than 10%.

Other

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

No exceptions were noted during inquiries of management. No misappropriation of public funds or assets noted.

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

The District has the notice posted on its premises and does not have a website.

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

No exceptions were noted.

Management's Response and Corrective Action

Management's response and corrective action plan for exceptions noted in the above agreed-upon procedures:

- a) Written Policies and Procedures: The District is working on developing all necessary written policies and procedures.
- b) Disbursements: The District will work to cost effectively segregate duties as much as possible.

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

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

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
April 19, 2018