

***FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche
State of Louisiana
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017***

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche
State of Louisiana
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2017

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FIRE PROTECTION DISTRICT NO. 6
Of the PARISHES OF TERREBONNE AND LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

This discussion and analysis of Fire Protection District No. 6's (the District) financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

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

- The net position increased because of this year's operations. The net position of our governmental activities increased by \$78,353, or approximately 3.5%. Because of this year's operations assets exceeded liabilities by \$2,157,266 (net position).
- During the year, expenses were \$771,798 more than the \$21,110 generated in program revenues for governmental programs. General revenues of \$790,151 added to the program revenues made up the shortfall to end the year with revenue exceeding expenditures by \$78,353. This compares to last year when revenues exceeded expenses by \$(118,651).
- Program expenses increased by \$175,346, while revenues increased slightly by approximately 3%.
- Governmental funds reported an ending fund balance of \$630,538 – of which \$62,591 is non-spendable for prepaid insurance and \$30,000 is assigned by the Board in the 2018 budget for truck replacement – the remainder of \$537,947 is considered unassigned.

USING THIS ANNUAL REPORT

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

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance.

FIRE PROTECTION DISTRICT NO. 6
Of the PARISHES OF TERREBONNE AND LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position is improving or deteriorating.

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

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

Fund Financial Statements

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

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

FIRE PROTECTION DISTRICT NO. 6
Of the PARISHES OF TERREBONNE AND LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

The net position increased by \$78,353 about 3.5% as noted in the following table. In comparison, last year net position decreased by \$201,726 or about 9%. A large portion of the District's net assets reflects its investment in capital assets - \$2,031,711. Current assets increased by a little over 2%, while capital assets decreased slightly by about 2%. Non-current liabilities increased significantly due to implementing GASB 68 to include net pension liability for the retirement system.

	2016	2017	Dollar Change
Current and Other Assets	\$1,764,170	\$1,387,007	\$ (377,163)
Capital Assets	1,664,096	2,031,711	367,615
Total Assets	3,428,266	3,418,718	(9,548)
Deferred Outflows	170,523	217,124	46,601
Current Liabilities	19,763	38,217	18,454
Non-current Liabilities	675,342	678,989	3,647
Total Liabilities	695,105	717,206	22,101
Deferred Inflows	824,771	761,370	(63,401)
Invested in Capital Assets	1,664,096	2,031,711	367,615
Unrestricted	414,817	125,555	(289,262)
Total Net Position	\$2,078,913	\$2,157,266	\$ 78,353

The net position of governmental activities decreased as mentioned above and again noted in the following table. The amount spent on operating and maintaining the fire safety (program expenses) of the District increased by over \$175,000 or 24% during the year. Program revenues increased slightly from the prior year, as did general revenues.

	Condensed Statement of Activities		Dollar Change
	2016	2017	
Total program expenses	\$ (908,254)	\$ (732,908)	\$ (175,346)
Total program revenues	20,561	21,110	549
Net program income	(887,693)	(711,798)	175,895
General revenues	769,042	790,151	21,109
Change in Net Position	(118,651)	78,353	(197,004)
Net Position:			
Beginning of the year	2,197,564	2,078,913	(118,651)
End of the year	\$2,078,913	\$2,157,266	\$ 78,353

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Of the PARISHES OF TERREBONNE AND LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

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

The General fund reported an ending fund balance of \$630,538– of which \$62,591 is non-spendable for prepaid insurance and \$30,000 is assigned by the Board in the 2018 budget for truck replacement – the remainder of \$537,947 is considered unassigned. This reflects a decrease of \$349,54 or 36% from the prior year. Capital outlay expenditures were \$484,574, including building improvements and the purchase of equipment and vehicles.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Original Budgeted Revenues	\$786,300
Amendments were made for:	
Increased Ad Valorem taxes	(2,500)
Increased Intergovernmental revenue	1,910
Increased Interest and Miscellaneous	3,025
Total revenue amendments	5,935
Amended Budgeted Revenues	\$792,235

Original Budgeted Expenditures	\$1,186,300
Amendments were made for:	
Decreased current expenditures	(26,465)
Increased Capital Outlay	20,811
Total expenditure amendments	(5,654)
Amended Budgeted Expenditures	\$1,180,646

All variances were favorable and in compliance with the State Budget Law.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

CAPITAL ASSETS

A summary of current and prior year balances follows:

	12/31/2016 Balance	12/31/2017 Balance
NON-DEPRECIABLE ASSETS		
Land	\$12,378	\$12,378
DEPRECIABLE ASSETS:		
Buildings & Improvements	1,944,468	1,983,086
Machinery & Vehicles	707,883	1,153,839
Office Furniture & Equipment	1,280	1,280
Total Cost of depreciable assets	<u>2,653,631</u>	<u>3,138,205</u>
Total Cost of Assets	2,666,009	3,150,583
Buildings & Improvements	680,411	729,838
Machinery & Vehicles	321,357	388,705
Office Furniture & Equipment	145	329
Total accumulated depreciation	<u>1,001,913</u>	<u>1,118,872</u>
Net depreciable assets	<u>\$1,651,718</u>	<u>\$2,019,333</u>
Net capital assets	<u>\$1,664,096</u>	<u>\$2,031,711</u>

Capital assets, net of accumulated depreciation of \$1,118,872, for governmental activities at year-end were \$2,031,711. This year there was total additions of \$484,574 for building improvements and machinery and vehicles. There were no deletions during the year. Depreciation of \$116,958 was recorded on capital assets. More detailed information about the capital assets is presented in Note 4 to the financial statements.

FIREFIGHTERS RETIREMENT SYSTEM

The District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

As of December 31, 2017, the District reported liabilities in the GWFS of \$504,139 in its governmental activities for its proportionate share of the net pension liabilities of the System. For the year ended December 31, 2017 the District recognized a pension expense of \$58,463 in its governmental activities related to its participation in the System.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

At December 31, 2017, the District reported deferred outflows of resources of \$217,124 and deferred inflows of resources of \$43,118 related to pensions. More detailed information is presented in Note 6 to the financial statements.

OTHER POST EMPLOYMENT BENEFITS

The District has implemented Governmental Accounting Standards Board (GASB) Statement 45 which addresses the reporting and disclosure requirements for other post-employment benefits (OPEB). GASB Statement 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," requires the long-term cost of retirement health care and obligations for other postemployment benefits be determined on an actuarial basis and reported similar to pension plans.

The net OPEB obligation for the year ending December 31, 2017 of \$174,850 was recorded in the government-wide financial statements as a non-current liability. More detailed information about the other post-employment benefits is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Highlights of next year's General Fund budget include:

Condensed Summary of Budgeted Finances

	2018
Anticipated revenues	\$ 792,300
Expenditures:	
Current	708,800
Capital outlay	53,500
Anticipated expenditures	762,960
Reserved by Board for Fire Truck Replacement	30,000
Excess of revenues	-
Fund Balance:	
Beginning of the year	591,631
End of the year	\$591,631

FIRE PROTECTION DISTRICT NO. 6
Of the PARISHES OF TERREBONNE AND LAFOURCHE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2017

CONTACTING FINANCIAL MANAGEMENT

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

Ms. Maryetta Ellender, Chairman
1105 Hwy 55
Montegut, LA
Phone # 985-856-1599

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of
Fire Protection District No. 6
Of the Parishes of Terrebonne and Lafourche

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Fire Protection District No. 6 Of the Parishes of Terrebonne and Lafourche (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2017, and the notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

To the Commissioners of the
Fire Protection District No. 6
Of the Parishes of Terrebonne and Lafourche
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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund as of December 31, 2017 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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



To the Commissioners of the
Fire Protection District No. 6
Of the Parishes of Terrebonne and Lafourche
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Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 4, 2018, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
April 4, 2018



**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Statement of Net Position
December 31, 2017

ASSETS

Cash	\$	23,896
Investments		561,924
Ad valorem taxes receivable		563,282
Due from other governmental units		175,314
Prepaid Insurance		62,591
Capital Assets, net of accumulated depreciation		<u>2,031,711</u>
TOTAL ASSETS		<u>3,418,718</u>

DEFERRED OUTFLOWS OF RESOURCES

Related to net pension liability		217,124
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LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities:

Accounts payable		13,291
Unearned revenue-ad valorem taxes		24,926
Noncurrent liabilities:		
Net pension liability		504,139
Other postemployment benefit liability		<u>174,850</u>
<i>Total liabilities</i>		<u>717,206</u>

Deferred Inflows of Resources-

Property taxes - subsequent year		718,252
Related to net pension liability		<u>43,118</u>
<i>Total deferred inflows</i>		<u>761,370</u>

Net Position:

Net Invested in capital assets		2,031,711
Unrestricted		<u>125,555</u>
<i>Total net position</i>		<u><u>\$ 2,157,266</u></u>

See notes to financial statements.

**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Statement of Activities - Governmental Activities
For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Charges for services	Operating Grants	Net (Expense) Revenue
Public safety-fire protection	\$ 732,908	\$ 500	\$ 20,610	\$ (711,798)
Total governmental activities	<u>\$ 732,908</u>	<u>\$ 500</u>	<u>\$ 20,610</u>	<u>(711,798)</u>

GENERAL REVENUES

Ad valorem taxes	772,799
State revenue sharing	7,316
Miscellaneous	2,173
Unrestricted investment earnings	7,863
<i>Total General Revenues</i>	<u>790,151</u>

Change in Net Position

78,353

NET POSITION:

Beginning of year	2,078,913
End of year	<u>\$ 2,157,266</u>

See notes to the financial statements.

**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Balance Sheet - Governmental Fund - General Fund
December 31, 2017

ASSETS

Cash	\$	23,896
Investments		561,924
Receivables:		
Taxes		563,282
Due from other governmental units		175,314
Prepaid Insurance		62,591
TOTAL ASSETS	\$	<u>1,387,007</u>

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities -

Accounts payable and Accrued liabilities	\$	13,291
Unearned revenue-ad valorem taxes		24,926
TOTAL LIABILITIES		<u>38,217</u>

Deferred Inflows of Resources -

Property taxes - subsequent period		718,252
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Fund balances:

Non-spendable - Prepaid Insurance		62,591
Assigned by the Board for Truck Replacement		30,000
Unassigned		537,947
<i>Total fund balance</i>		<u>630,538</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION:

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

Add Non-depreciable capital assets	12,378		
Add - Depreciable capital assets	3,138,205		
Deduct - Accumulated depreciation	<u>(1,118,872)</u>		2,031,711

Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds		217,124
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Long-term Liabilities not due and payable in the current period and therefore are not reported in the funds

Deduct - Net pension liability		(504,139)	
Deduct - OPEB liability		<u>(174,850)</u>	
			(678,989)

Deferred inflows of resources related to net pension liability are not payable from current expendable resources and, therefore, are not reported in the funds		(43,118)
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Net position of governmental activities	\$	<u>2,157,266</u>
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See notes to financial statements.

**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

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

REVENUES

Ad Valorem Taxes	\$ 772,799
Intergovernmental - State of Louisiana	
State Revenue Sharing	7,316
Fire Insurance Tax	20,610
Facility Rentals	500
Miscellaneous	2,173
Interest	7,863
TOTAL REVENUES	811,261

EXPENDITURES

Current - Public Safety:

Salaries and benefits	408,619
Uniforms	14,771
Office operations	5,307
General Government	24,416
Gasoline, Diesel & Oil	8,080
Operating supplies	13,183
Utilities	18,747
Telephone	9,645
Insurance	57,364
Licenses & Permits	229
2% Fire Insurance Rebate	7,428
Volunteer response and training	4,000
E-911 Fire Dispatch Services	4,685
Professional service fees	26,195
Publish Proceedings/Class Ads	1,484
Travel & Training	6,816
Membership dues	1,098
Miscellaneous	749
Repairs and maintenance	63,375

Total current

676,191

Capital outlay

484,574

TOTAL EXPENDITURES

1,160,765

NET CHANGE IN FUND BALANCE

(349,504)

FUND BALANCE:

Beginning of year
End of year

980,042

\$ 630,538

See notes to financial statements.

**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

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

Net change in fund balance - governmental fund \$ (349,504)

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives, and reported as depreciation expense.

Add - Capital outlay	484,574
Deduct - Depreciation expense	(116,958)
	367,616

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

Add - Decrease in Net Pension Liability	27,414
Change in Deferred Outflows	46,601
Change in Deferred Inflows	17,288
Deduct - Increase in OPEB Liability	(31,062)
	60,241

Change in net position - governmental activities \$ 78,353

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Basis of Presentation

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

Governmental Fund Type

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

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The governmental fund is the General Fund. The General Fund is used to account for all financial resources and expenditures except those required to be accounted for in other funds.

C. Measurement Focus / Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Fund Financial Statements (FFS)

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

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

The amounts reflected in the fund financial statements, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. The District considers all revenues available if they are collected within 60 days after the fiscal year end.

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

- **Revenues** – Ad valorem taxes and the related state revenue sharing are recorded as revenue in the period for which levied, thus the 2016 property taxes which were levied to finance the 2017 budget are recognized as revenue in 2017. The 2017 tax levy is recorded as deferred revenue in the current financial statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.
- **Expenditures** – The major expenditures current public safety supplies, insurance and audit and accounting fees are recorded when payable or when the fees are incurred.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus / Basis of Accounting (continued)

Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

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

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

D. Use of Estimates

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

E. Operating Budgets

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

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Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Cash and Investments

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

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

G. Receivables

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

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

H. Prepaid Insurance

The District has recorded prepaid insurance in the General Fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Deferred Outflows and Inflows of Resources

The District reports decreases (increases) in net position that relate to future periods as deferred outflows (inflows) of resources in separate sections of its Statement of Net Position. The District reports deferred outflows of resources and deferred inflows of resources related to its net pension liability. These amounts are being amortized over a period of five years.

J. Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the Governmental Fund. Full time employees are entitled to eighteen days' vacation after one year of service. Each year the employee must use vacation time accumulated before their anniversary date (the day they first began working), if not taken it is forfeited. The vacation period is increased one day for each year of service over ten years, up to a maximum of thirty days. There is no material accumulated vacation or sick leave at year end.

K. Capital Assets

In the government-wide financial statements, additions, improvements and other capital outlays that significantly extend the useful life of an asset are recorded and depreciated (capitalized). Capital assets purchased or acquired are valued at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

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Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. Capital Assets (continued)

CATEGORY	LIFE
BUILDINGS AND IMPROVEMENTS	25-40 YEARS
MACHINERY AND EQUIPMENT	5-20 YEARS
OFFICE FURNITURE, FIXTURES & EQUIPMENT	5-10 YEARS

In the fund financial statements, capital assets purchased in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

L. Fund Equity

For government-wide statement of net position, net assets are displayed in three components:

- Invested in capital assets – including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- Restricted net assets – those with constraints placed on the use either by:
 - i. External groups such as creditors, grantors, contributions or laws or regulations of other governments; or
 - ii. Law through constitutional provisions or enabling legislation.
- Unrestricted net assets – all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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Of the Parishes of Terrebonne and Lafourche, State of Louisiana
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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

L. Fund Equity (continued)

Governmental fund equity is classified as fund balance. Fund balance is further classified as:

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

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

Note 2 DEPOSITS AND INVESTMENTS

Deposit balances at year end are as follows:

	Per Bank	As Reported
Cash	\$ 67,333	\$23,896

State law requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits.

Obligations furnished, as security must be held by the District or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
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Note 2 DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end none of the bank balance was exposed to custodial credit risk.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

Investment balances and maturities at year end are as follows:

Investment Type	As Reported	Fair Value	Maturity
Louisiana Asset Management Pool	\$561,924	\$561,924	LESS THAN 1 YEAR

At year-end the balance of investments is invested in the Louisiana Asset management Pool (LAMP). LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

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Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 DEPOSITS AND INVESTMENTS (continued)

Accordingly, LAMP investments are restricted to securities issued, guaranteed, or back by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value.

For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP is rated AAAM by Standard & Poor's. LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required for custodial credit risk. Pooled investments are excluded from the 5 percent disclosure requirement regarding the concentration of credit risk. 2a-7 like investments pools are excluded from the interest rate disclosure requirement, nor is foreign currency risk disclosure applicable.

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

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

The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates fair value. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP has a Standard & Poor's Rating of AAAM.

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Note 3 AD VALOREM TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in both Parishes. Assessed values are established by the Terrebonne and Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2016.

Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2016, on which the 2017 revenue was recorded was \$16.00 per \$1,000 of assessed valuation on property within Fire Protection District No. 6 for the purpose of acquiring, constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes, including fire hydrant rentals and service.

Note 4 CAPITAL ASSETS

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

	Balance	Additions	Deletions/ Adjustments	Balance
NON-DEPRECIABLE ASSETS				
Land	\$ 12,378	\$ -	\$ -	\$12,378
	<u>12,378</u>	<u>-</u>	<u>-</u>	<u>12,378</u>
DEPRECIABLE ASSETS:				
Buildings & Improvements	1,944,468	38,618	-	1,983,086
Machinery & Vehicles	707,883	445,956	-	1,153,839
Office Furniture & Equipment	1,280	-	-	1,280
Total Cost of depreciable assets	<u>2,653,631</u>	<u>484,574</u>	<u>-</u>	<u>3,138,205</u>
Total Cost of Assets	2,666,009	484,574	-	3,150,583

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
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For the Year Ended December 31, 2017

Note 4 **CAPITAL ASSETS (continued)**

ACCUMULATED DEPRECIATION				
Buildings & Improvements	680,411	49,426	-	729,838
Machinery & Vehicles	321,357	67,348	-	388,705
Office Furniture & Equipment	145	184	-	329
Total accumulated depreciation	1,001,913	116,958	-	1,118,872
Net depreciable assets	<u>\$1,651,718</u>			<u>\$2,019,333</u>
Net capital assets	<u>\$1,664,096</u>			<u>\$2,031,711</u>

Depreciation Expense of \$116,958 was recorded in the governmental activities.

NOTE 5 **DUE FROM OTHER GOVERNMENTAL UNITS**

The detail from whom amounts are due at year end are as follows:

Lafourche Parish Tax Collector	\$28,949
Terrebonne Parish Tax Collector	146,365
Total	\$175,314

NOTE 6 **FIREFIGHTERS RETIREMENT SYSTEM**

The District adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

PLAN DESCRIPTION – The District contributes to the Firefighters' Retirement System of Louisiana (FRS), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries.

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
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NOTE 6 FIREFIGHTERS RETIREMENT SYSTEM (continued)

Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana R.S. 11:2251 – 11:2269, specifically, and other general laws of the State. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Dr., Suite 210, Baton Rouge, LA 70808-4136 or at their website <http://www.lafirefightersret.com>.

ELIGIBILITY REQUIREMENTS – Membership in the System is a condition of employment for any full time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters Retirement System. Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

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

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

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 6 FIREFIGHTERS RETIREMENT SYSTEM (continued)

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

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

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

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.

Upon commencement of participation in the DROP employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the DROP plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the DROP plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the DROP account until the participant retires.

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

FIRE PROTECTION DISTRICT NO. 6
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Notes to the Financial Statements
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NOTE 6 FIREFIGHTERS RETIREMENT SYSTEM (continued)

EMPLOYER CONTRIBUTIONS – Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0% respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively.

NON-EMPLOYER CONTRIBUTIONS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2017 and were excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2017 for the System were \$25,310,647 and for the District were \$22,262.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - As of December 31, 2017, the District reported liabilities in the GWFS of \$504,139 in its governmental activities for its proportionate share of the net pension liabilities of the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2017, the District's proportional share of the System was .087954% which was an increase of .00669% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017 the District recognized a pension expense of \$58,463 in its governmental activities related to its participation in the System. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 6 FIREFIGHTERS RETIREMENT SYSTEM (continued)

	Deferred outflows	Deferred inflows
Differences between expected and actual experience	\$ -	\$(28,114)
Investment Earnings	43,370	-
Changes in assumption	21,086	(120)
Changes in proportion	94,205	(14,884)
Difference in contribution	58,463	-
	\$217,124	\$(43,118)

The deferred outflows of resources related to pensions resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2017	\$ 39,864
2018	48,548
2019	29,306
2020	(2,175)
	\$115,543

ACTUARIAL ASSUMPTIONS - The total pension liabilities in the December 31, 2017, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
 For the Year Ended December 31, 2017

NOTE 6 FIREFIGHTERS RETIREMENT SYSTEM (continued)

Valuation Date	June 30, 2017
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years, closed period
Investment rate of return	7.4% per annum
Inflation rate	2.775% per annum
Salary increases	Vary from 15% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	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 creditability weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities.

Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

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

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
 Notes to the Financial Statements
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NOTE 6 FIREFIGHTERS RETIREMENT SYSTEM (continued)

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

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net Pension Liability	\$724,428	\$ 504,139	\$ 318,954

SUPPORT OF NON-EMPLOYER CONTRIBUTING ENTITIES – Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The District recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities.

NOTE 7 POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description. The District administers a single employer defined benefit healthcare plan (the Plan). The Plan provides for the payment of medical, dental and life insurance premiums to eligible employees, retirees and their dependents as approved by the Board of Commissioners. The District funds the entire premium for all benefits on all employees. District employees retiring with at least ten years of permanent full-time creditable service with the District shall be eligible to participate in the Plan approved by the Board of Commissioners under the following vesting schedule: 1 to 15 years of service, 2.75% per year; 16 to 20 years of service, 41.25 % plus 3.75% per year of service between 16 and 20; 21 years or more of service, 60% plus 5% per year of service over 21, limited to 85% of the premium. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. The District does not issue a publicly available financial report on the Plan.

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 7 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)

Funding Policy. The District fully funds required premiums based on pay-as-you-go financing requirements. For fiscal year 2017 the District did not pay any premiums for the retirees.

Annual OPEB Cost and Net OPEB Obligation. The District recognizes a net other postemployment benefit (OPEB) obligation for covered postemployment healthcare benefits in accordance with the provisions of GASB Statement No. 45, *Accounting for Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GABS 45). GASB 45 was implemented prospectively with zero net obligation and transition.

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table on the following page shows the components of District's annual OPEB cost for the year, the premiums actually paid and the District's net OPEB obligation.

The following table represents the OPEB costs for the year and the annual required contribution:

Normal cost	\$	19,231
Minimum Amortization of Unfunded		10,881
Interest Adjustment to Year-end		1,054
Annual Required Contribution	\$	31,166
Annual Required Contribution	\$	31,166
ARC adjustment		(5,137)
Interest Adjustment to net OPEB Obligation		5,033
Annual OPEB Cost		31,062
Contributions Made		-
Increase in Net OPEB Obligation		(31,084)
Net OPEB Obligation - beginning of year		143,789
Net OPEB Obligation - end of year	\$	174,850

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 7 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last 3 years was as follows:

Fiscal year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$26,564	0.0%	\$112,704
12/31/2016	\$31,084	0.0%	\$143,789
12/31/2017	\$31,062	0.0%	\$174,850

Funding Status and Funding Progress.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
1/1/2012	-	\$326,375	326,375	0%	\$109,138	299.0%
1/1/2014	-	\$541,981	541,981	0%	\$144,963	373.9%
1/1/2016	-	\$304,553	304,553	0%	\$234,405	129.9%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectation and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities and benefits.

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

NOTE 7 POST EMPLOYMENT HEALTHCARE BENEFITS (continued)

Actuarial Methods and Assumptions. Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and eligible employees and retirees) and include the types of benefits provided that at the time of each valuation and on the historical pattern of sharing benefit cost between the employer and eligible employees and retirees to that point.

Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets.

Significant methods and assumptions were as follows:

- Actuarial valuation date 1/1/2016
- Discount rate – 3.5%
- Salary Increase – 3%
- Mortality Rates – uses the RP-2000 Combined Healthy Mortality table projected to 2016 using Scale AA
- Turnover Rate – 9.5%
- Retirement Rates – 1.5%

Note 8 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the insurance coverage. The Parish handles all claims filed against the District.

FIRE PROTECTION DISTRICT NO. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 COMPENSATION OF BOARD MEMBERS

Board Member per diem payments are included in salaries and benefits on the financial statements. Compensation was paid to Board Members during the current year as follows:

Board Member	Per Diem
Michelle A. Chaisson	\$ 240
Maryetta Ellender	300
Curvin Chauvin	270
Alcee Dupre, Jr.	300
Kevin Belanger	90
Gale LeBoeuf	240
Grant J. Dupre	300
	\$ 1,740

***REQUIRED SUPPLEMENTAL
INFORMATION***

**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Budget Comparison Schedule - General Fund
For the Year Ended December 31, 2017

	Budgets		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$747,500	\$750,000	\$772,799	\$ 22,799
Intergovernmental:				
State of Louisiana:				
State Revenue Sharing	10,500	10,900	7,316	(3,584)
Fire Insurance Tax	19,100	20,610	20,610	-
Facility Rentals	2,000	500	500	-
Interest	4,200	8,200	7,863	(337)
Miscellaneous	3,000	2,025	2,173	148
TOTAL REVENUES	<u>786,300</u>	<u>792,235</u>	<u>811,261</u>	<u>19,026</u>
EXPENDITURES				
Public safety - current:				
Salaries and benefits	406,120	402,450	408,619	(6,169)
Office operations	2,000	4,700	5,307	(607)
Uniforms and Bunker Gear	20,000	20,000	14,771	5,229
General Government	38,000	25,000	24,416	584
Gasoline, Diesel & Oil	8,000	8,000	8,080	(80)
Operating supplies	12,000	12,000	13,183	(1,183)
Utilities	20,000	20,000	18,747	1,253
Telephone & Communication	8,500	10,000	9,645	355
Insurance	68,500	58,200	57,364	836
Licenses & Permits	100	400	229	171
2% Fire Insurance Rebate	12,000	12,000	7,428	4,572
Volunteer response and training	6,000	6,000	4,000	2,000
E-911 Fire Dispatch Services	4,500	4,685	4,685	-
Professional service fees	28,000	27,000	26,195	805
Publish Proceedings/Class Ads	2,300	1,800	1,484	316
Travel & Training	8,000	8,000	6,816	1,184
Membership dues	2,000	1,100	1,098	2
Miscellaneous	10,500	10,500	749	9,751
Repairs and maintenance	60,780	59,000	63,375	(4,375)
Total public safety - current	<u>717,300</u>	<u>690,835</u>	<u>676,191</u>	<u>20,813</u>
Capital expenditures	469,000	489,811	484,574	5,237
TOTAL EXPENDITURES	<u>1,186,300</u>	<u>1,180,646</u>	<u>1,160,765</u>	<u>26,050</u>
NET CHANGE IN FUND BALANCE	<u>(400,000)</u>	<u>(388,411)</u>	<u>(349,504)</u>	<u>38,907</u>
FUND BALANCES				
Beginning of year	902,496	980,042	980,042	-
End of year	<u>\$502,496</u>	<u>\$591,631</u>	<u>\$630,538</u>	<u>\$0</u>

Notes to budget comparison schedule:

1 Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).

2 Budgetary Practices

The District prepares and adopts a budget in accordance with LSA-RS 39:1301 et seq. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are performed.

**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**
Schedule of Employer's Share of Net Pension Liability
December 31, 2017

**Year Ended June 30	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.087954%	\$ 504,139	\$ 225,309	224%	73.50%
2016	0.081266%	\$ 531,553	\$ 170,305	312%	68.20%
2015	0.080498%	\$ 434,457	\$ 164,197	265%	72.45%

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

** The amounts presented have a measurement date of June 30th

Notes to Retirement System Schedules:

Changes of Benefit Terms. There were no changes of benefit terms for the year ended June 30, 2017.

Changes of Assumptions. There were no changes of benefit assumptions for the year ended June 30, 2017.

**FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE**

Schedule of Employer Contributions

December 31, 2017

**Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	\$ 58,463	\$ 58,463	\$ -	\$ 225,309	25.95%
2016	\$ 50,237	\$ 50,237	\$ -	\$ 225,309	22.30%
2015	\$ 48,064	\$ 48,064	\$ -	\$ 170,305	28.22%

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

** The amounts presented have a measurement date of June 30th

Notes to Retirement System Schedules:

Changes of Benefit Terms. There were no changes of benefit terms for the year ended June 30, 2017.

Changes of Assumptions. There were no changes of benefit assumptions for the year ended June 30, 2017.

OTHER INFORMATION

FIRE PROTECTION DISTRICT NO. 6
OF THE PARISHES OF TERREBONNE AND LAFOURCHE
 Schedule of Compensation, Benefits and Other Payments to Agency Head
 For the Year Ended December 31, 2017

Agency Head Name: Toby Henry, District Fire Chief

Purpose	Amount
Salary	\$ 59,038
Supplemental Pay	\$ 6,000
Benefits-insurance	\$ 15,180
Benefits-retirement	\$ 16,893
Deferred compensation (contributions made by the agency)	\$ -
Benefits-other (Volunteer Incentive Pay)	\$ 40.00
Car allowance	\$ -
Vehicle provided by government (enter amount reported on W-2 adjusted for various fiscal years)	\$ -
Cell phone	\$ -
Dues	\$ -
Vehicle rental	\$ -
Per diem meals for conference	\$ -
Reimbursements-Medical Supplies	\$ 59
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ 513
Housing	\$ -
Unvouchered expenses (example: travel advances, etc.)	\$ -
Special meals	\$ -
Other (including payments made by other parties on behalf of the agency head)	\$ -

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on Supplemental Reporting

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



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Commissioners of
Fire Protection District No. 6
Of the Parishes of Terrebonne and Lafourche

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Fire Protection District No. 6, Of the Parishes of Terrebonne and Lafourche , a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated April 4, 2018.

Internal Control Over Financial Reporting

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

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

To the Board of Commissioners
Fire Protection District No. 6
Of the Parishes of Terrebonne and Lafourche
Page 2

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fire Protection District No. 6's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Stagni & Company

Thibodaux, LA
April 4, 2018



Fire Protection District No. 6
Of the Parishes of Terrebonne and Lafourche, State of Louisiana
Schedule of Current Year Findings
For the Year Ended December 31, 2017

Section I - Summary of Auditor's Reports

- The auditor's report expresses an unmodified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- There was no management letter issued in connection with this audit.
- The District neither received nor expended any federal awards during the year.

Section II - Financial Statement Findings

- There were no financial statement findings during the audit of the basic financial statements.

Section III - Federal Award Findings and Questioned Costs

- There were no federal award findings during the audit of the basic financial statements.





STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Fire Protection District No. 6 of the Parishes of Terrebonne and Lafourche

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 – December 31, 2017

To the Board Members of the
Fire Protection District No. 6 of the Parishes of Terrebonne and Lafourche and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Fire Protection District No. 6 of the Parishes of Terrebonne and Lafourche (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

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

The policy for 1(f) Contracting does not address 1) legal review or 2) monitoring process.

Management's Response: Contracting – 1(f) – The Board will review and consider revising polices to include legal review and monitoring if considered necessary.

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



Results: The District Board met monthly. The minutes do reference budget-to-actual comparisons on the General Fund or other major funds. The minutes reference approvals of bids, contracts and material purchases.

Bank Reconciliations

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

Results: We obtained a listing of bank accounts from management 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 five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - 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
 - c) If applicable, management has documentation reflecting that it has researched items that have been outstanding for more than 6 months reconciling as of the end of the fiscal period.

Results: We selected 1 bank account and obtained bank statements and reconciliations. Bank reconciliations and statements were provided for each month, and each had evidence of management's review. There were no outstanding items for more than 6 months.

Collections

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

Results: We obtained from management a listing of cash/check/money order (cash) collection locations 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 five locations). **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.



- 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.
- 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.
 - 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.

Results: There was 1 collection location for testing. Each person responsible for collecting cash is bonded. Duties were segregated per the policy. The person responsible for collecting cash was not responsible for reconciling cash collections to the general ledger. The District has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. All deposits tested were deposited the same or next day. All of the deposits tested had supporting documentation.

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

Results: The District has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source 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.

Results: We obtained from management a disbursement listing 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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a) and 9(b) were not applicable because the District does not use a purchase order system. For step 9(c), 4 of the 25 disbursements tested did not have the required written approval for disbursement.

Management's Response: This issue has already been addressed. The Board as informed of the new Statewide Agreed Upon Procedures in July of 2017 formulated and began following new written policies and procedures and accordingly all invoices after July 2017 are approved for disbursement with a signature from management.

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.

Results: The persons responsible for processing payments are prohibited from adding vendors to the District's disbursement system. The contract bookkeeper processes payments, the Fire Chief is authorized to add vendors to the purchasing 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.

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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

Results: No exceptions were identified as a result of these procedures.

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.



Results: No exceptions were identified as a result of these procedures.

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.

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

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.

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

Results: The monthly statements or combined statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder. No finance charges or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 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).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- 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.



- 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 of 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.

Results: Procedure 16(a) –For the five credit cards selected for testing, all were supported by fuel purchase invoices.

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

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.

Results: We obtained from management a general ledger, which was filtered and sorted for travel and expense reimbursements. We obtained 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.

Results: No exceptions were identified as a result of these procedures.

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.
- 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.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)



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

Results: No exceptions were identified as a result of these procedures.

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.

Results: The Chief indicated that there are no written contracts in effect during the fiscal period. We obtained management's representation that there are no contracts.

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

Results: This procedure is not applicable.



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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:
- 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.
 - 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.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the five (5) employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. No changes were made during the fiscal period for the five employees selected

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

Results: Attendance and leave records were selected for 5 employees. All selected employees documented daily attendance and leave. All selected had written documentation that supervisors approved in writing the attendance and leave of the selected employees.

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.

Results: A list of employees terminated was obtained and management's representation that the list is complete. Termination payment for 1 employee was made in strict accordance with policy and approved by management.

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.



Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. 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.

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.

Results: All of the employees selected, had documentation to demonstrate that required ethics training was completed.

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.

Results: We inquired of management whether any alleged ethics violations were reported during the fiscal period. Management has received no such allegations.

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.

Results: The District did not issue any new debt during the fiscal year, therefore this procedure is 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.

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

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.

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



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.

Results: We inquired of management whether the District had any misappropriations of public funds or assets. Management reported there have not been any misappropriations of public funds or assets.

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

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

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

Results: No exceptions were identified as a result of these procedures.

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

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

Stagni & Company

Thibodaux, LA
June 1, 2018



STAGNI & COMPANY, LLC
