

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

**CALCASIEU PARISH WARD 7 FIRE
PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

December 31, 2017

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Notes to Financial Statements	11
REQUIRED SUPPLEMENTAL INFORMATION:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP BASIS) – General Fund	20
Schedule of General Government Expenditures - Budget and Actual (GAAP Basis) - General Fund	21
SUPPLEMENTAL INFORMATION:	
Schedule of Compensation, Benefits and Other Payments to Agency Head	23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	24
Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan	26



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
1(800) 713-8432
FAX (337) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Calcasieu Parish Ward 7 Fire
Protection District No. 1
Calcasieu Parish Police Jury
Vinton, Louisiana

We have audited the accompanying financial statements of Calcasieu Parish Ward 7 Fire Protection District No. 1, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2017 and related notes to the financial statements, which collectively comprise of the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Calcasieu Parish Ward 7 Fire Protection District No. 1 of as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and are not a required part of 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 the District's internal control over financial reporting and compliance.

This report is intended solely for the information and use of management, and Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Joseph E. Wilkerson, CPA

Vinton, Louisiana
June 13, 2018

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
December 31, 2017

ASSETS

Cash and cash equivalents	\$ 3,432,032
Ad valorem tax receivable, net of allowance for doubtful accounts \$11,734	574,958
Accrued interest receivable	504
Prepaid insurance	4,461
Capital assets, net of accumulated depreciation	1,012,386
Restricted cash	<u>67,013</u>
 Total assets	 <u>5,091,354</u>

LIABILITIES

Accounts payable	6,123
Payroll taxes payable	725
Ad valorem pension payable	<u>17,469</u>
 Total liabilities	 <u>24,317</u>

NET POSITION

Investment in capital assets	1,012,386
Restricted for:	
Capital improvements	67,013
Unrestricted	<u>3,987,638</u>
 Total net position	 <u>\$ 5,067,037</u>

The accompanying notes are an integral part of this statement.

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2017**

Function/Programs	Expenses	Program Revenues			Governmental Activities - Net (Expenses) Revenues and Changes in Net Position
		Charges For Services	Operating Grants and Contributions	Capital Grants, and Contributions	
Governmental activities:					
General government	\$ 393,037	\$ -	\$ -	\$ -	\$ (393,037)
Total Government Activities	\$ 393,037	\$ -	\$ -	\$ -	(393,037)
General revenues:					
Ad valorem taxes					561,242
State revenue sharing					7,059
Fire tax rebate					12,331
Interest					5,426
Gain on sale of fixed assets					85,266
Intergovernmental					48,803
Miscellaneous					2,394
					722,521
					329,484
					4,737,553
					\$ 5,067,037

The accompanying notes are an integral part of this statement.

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**GOVERNMENTAL FUND
BALANCE SHEET
December 31, 2017**

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,432,031
Ad valorem tax receivable, net of allowance for doubtful accounts of \$11,734	574,958
Prepaid insurance	4,461
Accrued interest receivable	504
Restricted cash	<u>67,013</u>
Total assets	<u><u>\$ 4,078,967</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Liabilities:	
Accounts payable	\$ 6,122
Payroll taxes payable	725
Ad valorem pension payable	<u>17,469</u>
Total liabilities	24,316
Fund balance:	
Restricted for capital improvements	67,013
Unassigned	<u>3,987,638</u>
	<u>4,054,651</u>
Total liabilities and fund balance	<u><u>\$ 4,078,967</u></u>

The accompanying notes are an integral part of this statement.

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION
December 31, 2017**

FUND BALANCE OF GOVERNMENTAL FUNDS		\$ 4,054,651
Amounts reported for governmental activities in the Statement of Net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, not reported in the funds.		
Cost of capital assets	\$ 3,674,525	
Less - accumulated depreciation	<u>(2,662,139)</u>	<u>1,012,386</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 5,067,037</u>

The accompanying notes are an integral part of this statement.

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2017**

	<u>General Fund</u>
Revenue:	
Ad valorem taxes	\$ 561,242
State revenue sharing	7,059
Fire tax rebate	12,331
Interest	5,426
Proceeds from sale of fixed assets	90,000
Intergovernmental	48,803
Miscellaneous	2,394
Total revenues	<u>727,255</u>
Expenditures:	
Current:	
General government	284,948
Capital outlay	92,120
Total expenditures	<u>377,068</u>
Excess of revenues over expenditures	350,187
Fund balance at beginning of year	<u>3,704,464</u>
Fund balance at end of year	<u>\$ 4,054,651</u>

The accompanying notes are an integral part of this statement.

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

Total net change in fund balance - governmental funds \$ 350,187

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital outlays	\$ 92,120	
Depreciation expense	<u>(108,090)</u>	(15,970)

Governmental funds report proceeds from the sales of capital assets. However, in the statement of activities, the gain on the disposal of capital assets is reported. The change in net assets differs from the change in fund balance by the carrying value of capital assets disposed.

(4,733)

Change in net position of governmental activities

\$ 329,484

The accompanying notes are an integral part of this statement.

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Calcasieu Parish Ward 7 Fire Protection District No. 1 (“District”) was created under the provisions of Louisiana Revised Statutes 40:1492-1501, for the purpose of providing fire protection for the people of Ward 7 of Calcasieu Parish. The district is governed by a board of five commissioners appointed by the Calcasieu Parish Police Jury.

Basis of Presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Reporting Entity

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

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

Because the police jury financial statements would be misleading if data of the organization were not included because of the nature or significance of the relationship, the District was determined to be a component unit of the Calcasieu Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

A. Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

B. Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax, intergovernmental revenues, rebates, and grants. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting/Measurement Focus – (Continued)

The General Fund is the District’s operating fund. It accounts for all financial resources of the District.

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

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Ad Valorem Tax Receivable

Ad valorem tax receivable consists of ad valorem taxes totaling \$586,692 as of December 31, 2017. Uncollectible amounts due for ad valorem taxes are recognized as uncollectible using the allowance method. The allowance for uncollectible accounts at December 31, 2017, was \$11,734.

Budgets

Under GASB No. 34 budgetary comparison information is required to be presented for the general fund with a legally adopted budget.

For further information regarding the District’s budget process see Note 6.

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Building and building improvements	15 – 50 years
Equipment	5 – 20 years

Long-term Obligations

Long-term obligations are reported as liabilities in the government-wide statements. Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liability of a governmental fund.

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed.
- Unassigned: includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank accounts and short-term investments. At December 31, 2017, the District has cash and cash equivalents (book balances) totaling \$3,499,045.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned. Deposits are exposed to custodial credit risk if they are either (a) uninsured and uncollateralized or (b) uninsured and collateralized with securities held by the pledging financial institution or its trust department/agent but not in the name of the District. The District's cash and investment policy, as well as state law, require that deposits be fully secured by federal deposit insurance or the pledge of securities owned by the bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount of deposit with the bank.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2017, the district has \$3,499,045 in deposits (collected bank balances) that were secured from risk by \$1,850,000 of federal deposit insurance and \$2,606,328 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE 3 – AD VALOREM TAXES

Accounting principles generally accepted in the United State of America for government prescribe a modified accrual basis to be applied to property tax revenues. An assessment is made to finance the budget of a particular period and the revenue produced from any property tax assessment should be recognized in the fiscal period for which it was provided (budgeted) and for which the collections are reasonably available. Expected collections and collections of the 2017 levy are accrued as receivable and as revenue in the current year (2017). For budget purposes, property taxes collected in 2017 are designated as revenue appropriable in the 2017 budget year.

For the year ended December 31, 2017, taxes of 9.78 mills were levied on property with assessed valuations totaling approximately \$57,386,725 dedicated as follows:

Maintenance	9.78 mills
-------------	------------

Total taxes levied were \$561,242.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31. Property taxes not paid by the end of February are subject to lien.

During the year, the tax assessor made adjustments to decrease previous year taxpayer valuations of \$5,236 worth of taxes. This amount was net against current year ad valorem taxes along with \$80 worth of prior year tax refunds. The District also made \$1,152 adjustment to their allowance for uncollectible taxes that management deemed necessary.

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2017, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Land	\$ 3,931	\$ -	\$ -	\$ 3,931
Building	535,208	-	-	535,208
Building improvements	110,809	11,445	-	122,254
Furniture & fixtures	11,304	671	(1,230)	10,745
Equipment	3,183,763	80,004	(261,380)	3,002,387
Total at historical cost	<u>3,845,015</u>	<u>92,120</u>	<u>(262,610)</u>	<u>3,674,525</u>
Less accumulated depreciation				
Building	(288,965)	(10,994)	-	(299,959)
Building improvements	(99,830)	(1,380)	-	(101,210)
Furniture & fixtures	(11,071)	(168)	1,042	(10,197)
Equipment	(2,412,058)	(95,548)	256,833	(2,250,773)
Total accumulated depreciation	<u>(2,811,923)</u>	<u>(108,090)</u>	<u>257,875</u>	<u>(2,662,139)</u>
Governmental activities capital assets, net	<u><u>\$ 1,033,092</u></u>	<u><u>\$ (15,970)</u></u>	<u><u>\$ (4,735)</u></u>	<u><u>\$ 1,012,386</u></u>

Depreciation expense for the year ended December 31, 2017, was charged to governmental activity in the amount of \$108,090.

NOTE 5 – RESTRICTED CASH

As of December 31, 2017, the District had \$67,013 in restricted cash. This cash represents money collected from a previous tax millage and can only be used for the purchase of capital improvements. For the year ended December 31, 2017, the District used \$79,979 in restricted cash to purchase capital outlay.

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District uses the following budget practices:

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at year end.

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The appropriated budget is prepared by fund and function. The proposed budget is presented to the District's Board of Commissioner for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations by more than five percent.

Encumbrance accounting is not used.

NOTE 7 – 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; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 – COMMITMENT

On December 9, 2014 the District obtained the majority of qualified electors of Ward Seven Fire Protection District No. One of Calcasieu Parish, Louisiana qualified to vote under the Constitution and laws of the State of Louisiana and passed the following bond proposition:

Ward Seven Fire Protection District No. One of Calcasieu Parish, Louisiana, incur debt and issue bonds in an amount not exceeding \$1,222,000 for a period not to exceed twenty (20) years from the date thereof, with interest at a rate not exceeding six (6%) percent per annum, for the purpose of purchasing and installing fire hydrants and water lines to be used in giving fire protection to the property within the District, title to which shall be in the public, which said bonds shall be retired with, paid from and secured by ad valorem taxes on all taxable property within the limits of Ward Seven Fire Protection District No. One of Calcasieu Parish, Louisiana, sufficient in rate and amount to pay said bonds in principal and interest, with the estimated millage rate to be 3.14 mills in the first year of issue.

As of the date of these financial statements, no bonds have been issued.

CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY
December 31, 2017
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to commissioners was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

As provided by Louisiana Revised Statute 40:1498, each commissioner received \$100 per diem for attending regular monthly meetings and special meetings. A summary of paid per diems for the year ended December 31, 2017 is as follows:

	<u>2017</u>
Guy L. Renfrow	\$ 1,200
Stephen A. Smith	1,100
Jerry C. Nichols	1,200
Kent Ledoux	1,100
Harold Pickett	<u>1,200</u>
	<u>\$ 5,800</u>

NOTE 10 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date that the financial statements were available to be issued, June 13, 2018, and determined that no events occurred that required recording or disclosure in the financial statements for the year ended December 31, 2017.

REQUIRED SUPPLEMENTAL INFORMATION

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE (GAAP BUDGETARY BASIS) - BUDGET AND ACTUAL - GENERAL FUND
Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenue:				
Ad valorem taxes	\$ 450,000	\$ 472,000	\$ 561,242	\$ 89,242
State revenue sharing	6,400	7,059	7,059	-
Fire tax rebate	11,500	12,331	12,331	-
Interest	5,600	5,200	5,426	226
Proceeds from sale of fixed assets	-	-	90,000	90,000
Intergovernmental	25,000	25,300	48,803	23,503
Miscellaneous	2,500	114,870	2,394	(112,476)
Total revenues	<u>501,000</u>	<u>636,760</u>	<u>727,255</u>	<u>90,495</u>
Expenditures:				
Governmental				
General government	240,040	277,240	284,948	(7,708)
Capital outlay	260,960	359,520	92,120	267,400
Total expenditures	<u>501,000</u>	<u>636,760</u>	<u>377,068</u>	<u>259,692</u>
Excess of revenues over expenditures	-	-	350,187	(169,197)
Fund balance at beginning of year	<u>3,704,464</u>	<u>3,704,464</u>	<u>3,704,464</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,704,464</u>	<u>\$ 3,704,464</u>	<u>\$ 4,054,651</u>	<u>\$ (169,197)</u>

The accompanying notes are an integral part of this statement.

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**SCHEDULE OF GENERAL GOVERNMENT EXPENDITURES - BUDGET
AND ACTUAL (GAAP BUDGETARY BASIS) - GENERAL FUND
Year Ended December 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Accounting	\$ 4,000	\$ 3,500	\$ 3,500	\$ -
Bad debt	1,000	1,000	6,468	(5,468)
Deductions from ad valorem taxes - retirement	14,000	8,000	17,469	(9,469)
Disaster relief expense	-	-	16,191	(16,191)
Election expense	-	-	5,799	(5,799)
Firemen's fee	35,000	35,000	34,651	349
Fuel	8,000	6,500	7,014	(514)
Insurance	56,000	55,500	56,681	(1,181)
Maintenance and repairs	8,000	16,000	17,259	(1,259)
Miscellaneous	-	23,540	3,548	19,992
Office	5,000	7,000	7,436	(436)
Service	20,700	29,500	26,358	3,142
Payroll taxes	2,440	2,500	2,448	52
Per diem paid commissioners	5,500	5,900	5,800	100
Salaries	31,800	31,800	31,800	-
Supplies - operating	34,000	38,300	22,177	16,123
Supplies - housekeeping	400	450	540	(90)
Utilities and telephone	14,200	12,750	19,809	(7,059)
 Total general governmental expenditures	 <u>\$ 240,040</u>	 <u>\$ 277,240</u>	 <u>\$ 284,948</u>	 <u>\$ (7,708)</u>

The accompanying notes are an integral part of this statement.

SUPPLEMENTAL INFORMATION

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD**

For the Year Ended December 31, 2017

Agency Head Name: Jerry Nichols

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits	0
Per Diem	1,200
Travel	0
Other	0
	<u>\$ 1,200</u>



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
1(800) 713-8432
FAX (337) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL

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

Board of Commissioners
Calcasieu Parish Ward 7 Fire
Protection District No. 1
Calcasieu Parish Police Jury
Vinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Calcasieu Parish Ward 7 Fire Protection District No. 1, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Ward 7 Fire Protection District No. 1's basic financial statements and have issued our report thereon dated June 13, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The deficiencies are identified as 17-01(IC) and 17-02(IC).

Compliance and Other Matters

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

Calcasieu Parish Ward 7 Fire Protection District No. 1 Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Joyly Wilkerson Co., LLC

Lake Charles, Louisiana
June 13, 2018

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**SUMMARY SCHEDULE OF CURRENT AND PRIOR AUDIT
FINDINGS AND CORRECTIVE ACTION PLAN**

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? NO
- Significant deficiencies identified that are not considered to be material weaknesses? YES

Noncompliance material to financial statements noted? NO

Federal Awards

Not applicable

**CALCASIEU PARISH WARD 7 FIRE PROTECTION DISTRICT NO. 1
CALCASIEU PARISH POLICE JURY**

**SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN**

For the Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current year (12/31/2017)						
Internal Control: 17-01 (IC)	Unknown	Calcasieu Parish Ward 7 Fire Protection District No. 1 did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	John Henderson	NA
17-02 (IC)	2007	Calcasieu Parish Ward 7 Fire Protection District No. 1 does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	John Henderson	NA
Compliance:	There was no matter of compliance that needed to be reported.					
Prior year (12/31/2016)						
Internal Control: 16- 01 (IC)	Unknown	Calcasieu Parish Ward 7 Fire Protection District No. 1 did not have adequate segregation of duties within the accounting system.	No	The District's management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible. No plan is considered necessary.	John Henderson	NA
16 02 (IC)	2007	Calcasieu Parish Ward 7 Fire Protection District No. 1 does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	No	The District's management has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with (GAAP) and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	John Henderson	NA
Compliance:	There was no matter of compliance that needed to be reported.					



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
1(800) 713-8432
FAX (337) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Calcasieu Parish Ward 7 Fire Protection District No. 1
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by Calcasieu Parish Ward 7 Fire Protection District No. 1 ("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 Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exceptions: There were no formal written policies and procedures for the District.

Management's response: Management is in the process of constructing and implementing a formal set of written policies and procedures.

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.

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

Bank Reconciliations

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

We obtained a list of bank accounts from our bank confirmations and management's representation that the list was complete.

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

There were no exceptions noted as a result of applying this procedure.

- 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

Exception: In reviewing the bank reconciliations and bank statements for the selected accounts for the fiscal year, we found that there was no evidence that management had reviewed the bank reconciliations once they were completed.

Management's response: All bank reconciliations are presented at the monthly meetings, however they do not document that they are reviewed by the board. Management will begin to have one of the board members document that they reviewed and approved the monthly bank reconciliations at their monthly board meetings.

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

There were no outstanding items greater than six months making this procedure not applicable.

Collections

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

We obtained a listing of cash collection locations and management's representation that the list was complete.

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

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

- 1) **The person responsible for collecting cash is not bonded; however, the person is covered by a theft insurance policy.**
- 2) **Exception: The person responsible for collecting cash is responsible for depositing the cash and reconciling the account.**

Management’s response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings.

- 3) **There were no exceptions noted as a result of applying this procedure.**
- 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.

We found that the District keeps a written log of cash collections and reconciles it to the general ledger, but they record the collections on the log on the day of deposit instead of the actual day of receiving the collections. The same person responsible for collections is the one recording the log.

Management’s response: Management has determined that it is not cost effective to achieve complete segregation of duties in the accounting department. They have, however, segregated as many duties as possible and the board reviews all financial documents at their monthly board meetings. Management will start documenting on the log the actual day of collections and not deposit date going forward.

- 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.

Location	Number of Receipts	Number of Days from Collection to Deposit
Calcasieu Parish Ward 7 Fire Protection District	1	2-7 days

Exception: We found that the District keeps a written log of cash collections, however they record the collections on the log on the day of deposit instead of the actual day of receiving the collections. As a result of this we were not able to accurately determine the number of days between the day of collection and the day of deposit for the week selected.

Management's response: Due to the low volume of receipts collected during the week at the noted collection site and limited number of employees, it is not economically feasible for employees to travel to the bank. Deposits not made within one day of collection will be kept in a locked deposit bag until taken to the bank.

- 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.

There were no exceptions noted as a result of applying this procedure.

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.

Exception: There is no formal written procedure that determines the completeness of all collections.

Management's response: Management is in the process of constructing and implementing a formal set of written policies and procedures that will cover the collection of cash.

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.

We obtained a listing of disbursements and management's representation that the list was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We were unable to perform the above prescribed procedures for the 25 transactions because the entity does not utilize a requisition/purchase order system. However, we noted that invoices were present for all transactions, matched the associated payments and board approval was made for the payment of the invoice.

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

The entity does not utilize any information technology systems for their purchasing/disbursements, making this procedure not applicable.

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.

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

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.

The entity does not use a signature stamp or signature machine, therefore making this procedure not applicable.

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

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

We obtained a listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the list was 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:

The District only had two credit cards so we tested 100%

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

Exception: On the month tested for each card, one of the two cards did not have evidence to support that the charges were reviewed and approved, in writing, by someone other than the authorized card holder.

Management's response: Management will bring monthly credit card statements and individual receipts to the monthly board meetings for the board members' review and approval. If not supplied at meeting, two board members will sign off on the statements before being paid.

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

No finance charges and/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.)

For all credit cards tested there were original itemized receipts for all transactions tested, there was written evidence of the documentation of the business purpose of the transactions and per discussion with management there no other documentation required.

- 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.

Exception: We were not able to compare transaction details to the entity's written policies due to the lack of formal written policies for purchasing/disbursements, however, none of the transactions tested were subject to Louisiana Public Bid Law.

Management's response: Management will implement a set of formal written policies and procedures that will cover this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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.

There were no travel or expense reimbursements during the year under audit, making this procedure not applicable.

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.

There were no travel or expense reimbursements during the year under audit, making this procedure not applicable

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.

There were no travel or expense reimbursements during the year under audit, making this procedure not applicable

- 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)

There were no travel or expense reimbursements during the year under audit, making this procedure not applicable

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

There were no travel or expense reimbursements during the year under audit, making this procedure not applicable.

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

There were no travel or expense reimbursements during the year under audit, making this procedure not applicable

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.

We obtained a listing of all contracts in effect during the fiscal period and management's representation that the list is complete.

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

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

Exception: Of the five vendors selected, only one vendor had a formal written contract.

Management's response: Management is in the process of implementing written procedures that will require the acquisition of a formal written contract.

- 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.

There were no exceptions noted as a result of applying this procedure.

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

None of the contracts selected were amended during the current fiscal period.

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

Payments made on each contract were made within 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).

All contracts entered into by the District are approved by the board in the board minutes.

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:

We obtained a listing of employees and management's representation that the listing is complete.

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

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no changes in hourly pay rates/salaries during the fiscal period, thus making procedure not applicable.

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- 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.

Selected both employees of the District noting that daily attendance is not documented. Both employees are salary employees with their pay being approved monthly at the board meetings; however, they do not earn or get paid leave, making this procedure not applicable.

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.

The District does not pay any termination payments making this procedure not applicable.

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

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

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.

Management has asserted that they have not received any allegations of ethics violations during the fiscal period.

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.

No debt was issued during the fiscal period. Therefore, this procedure was not applicable.

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

No debt was outstanding during the fiscal period. Therefore, this procedure was 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.

No debt was issued during the fiscal period. Therefore, this procedure was 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.

Management has asserted that the entity did not have 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.

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.

There were no exceptions noted as a result of applying 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.

Langley, Williams & Co., LLC

Langley, Williams & Co. LLC
Lake Charles, Louisiana
June 13, 2018