

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE, COUPEE
YEAR ENDED DECEMBER 31, 2017
A COMPONENT UNIT OF THE
POINTE COUPEE PARISH POLICE JURY**

FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE

Fire/EMS/Rescue Services
6456 La Hwy 1
PO Box 212
Batchelor, Louisiana 70715
(225) 492-3100

GOVERNING BOARD
(Effective January 1, 2017)

Robert Allen, Chairperson
Shirley Best
Marvin Losavio
Fred Smith
Duncan Massicot

MEETING DATE

Third Monday of Every Month

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fire Protection District No. 1 of the
Parish of Pointe Coupee
Batchelor, Louisiana

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. 1 of the Parish of Pointe Coupee, Louisiana, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and with provisions of Louisiana Revised Statute 24:513 and the provisions of the Louisiana Governmental Audit Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including 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 opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and 23 and 24 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 and the schedule of taxable valuations are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head 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.

The Statewide Agreed Upon Procedures are not a required part of the basic financial statement but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Daigrepont & Brian APAC

Daigrepont & Brian, APAC

Baton Rouge, LA

June 26, 2018

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A) is a required component of financial statements prepared in accordance with generally accepted accounting principles (GAAP). The MD&A is an analysis of the financial condition and operating results of the District written by management. It introduces the basic financial statements and notes. The MD&A should provide an objective and easily readable analysis of the District's financial activities based on currently known facts, decisions, or conditions.

FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
PO Box 212
Batchelor, Louisiana 70715

Introduction

This annual report consists of:

Our independent auditors' report on the financial statements in which they rendered an unqualified opinion.

Management's discussion and analysis which provides in plain language an overview of our financial activities for the year.

The basic financial statements which consist of government-wide financial statements, governmental fund financial statements, and the notes to those financial statements.

The comparison of actual operations for the year compared to the budget.

A schedule of taxable property valuations for the District since inception.

Our independent auditor's report on the District's compliance with laws and regulations and how management applied internal controls over its financial operations. The results of those tests and observations disclosed no instances of noncompliance.

Management's Discussion and Analysis

As management of the Fire Protection District No. 1 of the Parish of Pointe Coupee, Louisiana, we are pleased to provide an overview of our financial activities for the year ended December 31, 2017. The intended purpose of the Management Discussion and Analysis (MD&A) is to provide an introduction to the basic financial statements and notes, that provides an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions, by providing an easily readable summary of operating results and reasons for changes, which will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations of significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior years data in this analysis we will be drawing upon information from last year's audited financial report.

Financial Highlights

The District's net position increased by \$110,064 from \$1,267,544 in 2016 to \$1,377,608 in 2017.

Cash increased by \$94,182 for the year ended December 31, 2017.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which are comprised of four components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, and (4) other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements, presented on pages 11 and 12, are designed to provide readers with broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District'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.

The District's 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). The District's sole operation of fire protection is classified as governmental activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only one fund which is categorized as a governmental fund.

Governmental funds, presented on pages 13 through 15, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget. A budgetary comparison schedule has been provided for the District's operations to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes, presented on pages 16 through 21, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary control, on pages 23 and 24.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeded its liabilities by \$1,377,608.

The District's total assets are mainly composed of \$185,021 (9%) in cash, \$560,987 (27%) in receivables, and \$1,376,301 (64%) investment in capital assets (land, buildings, vehicles and equipment, etc.). The District uses these capital assets to provide fire protection services to residents and businesses that encompass the area north of the Morganza Spillway Control Structure in the northern part of Point Coupee Parish; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets, \$718,627, may be used to meet the District's future operations.

Net Position

	2017	2016	% Change
Assets			
Current and other assets	\$ 746,133	\$ 716,153	4%
Capital assets	1,376,301	1,346,964	2%
Total assets	<u>2,122,434</u>	<u>2,063,117</u>	3%
Liabilities			
Current and other liabilities	97,436	109,495	-11%
Debt liabilities	647,390	686,078	-6%
Total liabilities	<u>744,826</u>	<u>795,573</u>	-6%
Net position			
Invested in capital assets	658,981	603,266	9%
Unrestricted	718,627	664,278	8%
Total net position	<u>\$ 1,377,608</u>	<u>\$ 1,267,544</u>	9%

The District's total revenues increased by 2% from \$778,094 to \$797,120 in 2017 primarily as a result of grant revenue received in 2017. Total expenses increased by 15% from \$645,128 in 2016 to \$742,771 in 2017. This increase was mainly attributable to increased salaries and capital outlay expenditures.

Changes in Net Position

	2017	2016	% Change
Revenues			
Taxes	720,738	760,207	-5%
Intergovernmental revenues	17,104	17,887	-4%
Grant revenue	48,524	-	0%
Other revenues	10,754	-	0%
Total revenues	<u>797,120</u>	<u>778,094</u>	2%
Expenses			
Operating	635,323	524,131	21%
Depreciation	107,448	120,997	-11%
Total expenses	<u>742,771</u>	<u>645,128</u>	15%
Change in net position	54,349	132,966	59%

Governmental Fund Financial Analysis

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As a measure of the District's liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 117% of total fund operating expenditures.

The fund balance of the District increased by \$54,349 during the current year.

Budgetary Highlights

The District's annual budget is the legally adopted expenditure control document of the District. A budgetary comparison statement is required and can be found on pages 23 and 24. This statement compares the original adopted budget, the budget if amended throughout the year, and the actual expenditures prepared on a budgetary basis.

Actual revenues of \$797,120 exceeded budgeted revenues of \$747,425 by \$49,695 while actual expenditures of \$774,003 were more than budgetary expenditures of \$670,646 by \$103,357.

Capital Assets

At December 31, 2017 and 2016, the District had \$1,376,301 and \$1,346,964, respectively, invested in a broad range of capital assets, including buildings, vehicles, and equipment. Further detail on capital assets is presented in Note 4 on page 20.

Long-Term Debt

During 2014 the District entered into certificates of indebtedness in the amount of \$1,084,390 for the purposes of acquiring new fire protection vehicles and paying off existing capital lease obligations and construction loans. At the end of the year, the amount owed on the certificates of indebtedness was \$686,088.

During 2017 the District entered into a capital lease agreement in the amount of \$31,232 for the purposes of acquiring a new vehicle. At the end of the year, the amount owed on the capital lease was \$31,232.

Further information on long-term debt is presented in Notes 5 and 6 on page 20 through 22.

Economic Factors and Next Year's Budget

The District serves a population estimated at approximately 2,500 utilizing both contract and volunteer firefighters. Through the efforts of these firefighters the District has attained an IRC In Rating of 5 and a IRC Out Rating of 5, which means that insurance rates for the taxpayers in the District were lowered due mainly to acquisitions and improvements to equipment and the efforts of the volunteer firemen.

The recap below of assessed property valued by year from 2000 to 2017 which shows that the District has shown some economic progress during that time frame.

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
2000	5.6	12,794,574	2,469,156	57,822	13,827	71,649
2001	5.54	13,707,458	2,479,831	62,201	13,738	75,939

2002	5.54	12,275,127	2,629,291	68,005	14,567	82,571
2003	5.54	11,551,127	2,648,426	63,994	14,673	78,666
2004	5.54	17,479,615	2,724,770	96,837	15,095	111,933
2005	6.53	14,687,740	2,770,480	95,912	18,091	114,003
2006	6.53	16,292,585	2,771,040	106,391	18,095	124,487
2007	6.53	15,719,728	2,846,410	102,651	18,587	121,238
2008	6.46	19,145,611	3,000,940	123,681	19,386	143,067
2009	6.46	20,425,840	3,050,580	131,951	19,707	151,658
2010	6.46	29,034,860	3,055,230	187,565	19,737	207,302
2011	6.5	29,113,230	3,062,600	189,241	19,910	209,151
2012	6.5	30,941,644	3,067,236	201,126	19,940	221,066
2013	6.5	34,090,384	3,094,636	221,593	20,118	241,711
2014	6.5	39,023,944	3,048,586	253,661	19,819	273,480
2015	6.5	70,291,154	3,058,556	456,898	19,884	476,782
2016	6.5	92,562,186	3,386,364	601,660	22,014	623,675
2017	6.5	85,479,782	3,427,438	555,619	22,278	577,897

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Robert Allen, Chairman for the Fire Protection District No. 1 of the Parish of Pointe Coupee, Louisiana at (225) 492-3100.

BASIC FINANCIAL STATEMENTS

The government-wide financial statements, presented on pages 11 Statement of Net Position and 12 Statement of Activities, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The Statement of Net Position includes capital assets and long-term debt and the Statement of Activities includes depreciation as an expense of operations.

The governmental funds, presented on pages 13 Balance Sheet and 14 and 15 Statement of Revenues, Expenditures, and Changes in Fund Balance, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the Balance Sheet does not report capital assets or long-term debt and the Statement of Revenues, Expenditures, and Changes in Fund Balance includes capital acquisitions, annual debt service, and excludes depreciation.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Governmental Activities
ASSETS	
Cash	\$ 185,021
Receivables	
Ad valorem taxes	531,450
Sales taxes	29,537
Total current assets	746,008
Capital assets, net of accumulated depreciation:	
Land	30,000
Buildings	845,272
Vehicles	388,103
Firefighting equipment and tools	109,856
Furniture, fixtures, and equipment	3,070
Total capital assets (net)	1,376,301
Deposits	125
Total Assets	2,122,434
LIABILITIES	
Current Liabilities	
Accrued interest payable	12,607
Accounts payable	4,405
Accrued payroll liabilities	10,494
Long-term liabilities due in less than one year	
Capital lease obligation	10,495
Certificates of indebtedness	59,435
Total current liabilities	97,436
Due in more than one year	
Capital lease obligation	20,737
Certificates of indebtedness	626,653
Total due in more than one year	647,390
Total Liabilities	744,826
NET POSITION	
Invested in capital assets, net of related debt	658,981
Unrestricted	718,627
Total Net Position	\$ 1,377,608

See accompanying independent auditors' report and footnotes.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental Activities:					
Public safety	\$ 664,609	\$ -	\$ -	\$ -	\$ (664,609)
Interest on long-term debt	\$ 22,447	\$ -	\$ -	\$ -	\$ (22,447)
Total Governmental Activities	\$ 687,056	\$ -	\$ -	\$ -	\$ (687,056)
General Revenues:					
Taxes:					
Property tax, levied for fire protection					
					555,324
Sales					
					165,414
General intergovernmental revenues					
					17,104
Grant revenue					
					48,524
Miscellaneous revenues					
					10,754
					797,120
Total General Revenues					
					110,064
Change in Net Position					
					1,267,544
Net Position at Beginning of Year					
					\$ 1,377,608
Net Position at End of Year					

See accompanying independent auditors' report and footnotes.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>General Fund</u>
ASSETS	
Cash	\$ 185,021
Receivables	
Ad valorem	531,450
Sales tax	29,537
Deposits	<u>125</u>
Total Assets	<u>\$ 746,133</u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accrued interest payable	\$ 12,607
Accounts payable	4,405
Accrued payroll liabilities	<u>10,494</u>
Total Liabilities	<u>27,506</u>
Fund Balances:	
Unassigned	<u>718,627</u>
Total Fund Balances	<u>718,627</u>
Total Liabilities and Fund Balances	<u>\$ 746,133</u>
 Reconciliation of the Statement of Net Position of Governmental Funds to the Balance Sheet:	
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance per balance sheet	\$ 718,627
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,376,301
Long-term liabilities, including certificates of indebtedness are not due and payable in the current period and therefore are not reported in the funds.	<u>(717,320)</u>
Net position of governmental activities	<u>\$ 1,377,608</u>

See accompanying independent auditors' report and footnotes.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General Fund</u>
Revenues	
Taxes	
Ad valorem	\$ 555,324
Sales	165,414
Intergovernmental revenues	
State fire insurance rebate	12,590
State revenue sharing	5,268
Grant revenue	48,524
Other revenue	10,000
Total Revenues	797,120
Expenditures	
Current operations	
Board fees	1,500
Building and grounds maintenance	13,334
Contract labor	4,800
Emergency fees	24,346
Equipment maintenance	5,151
Insurance	73,164
Legal and professional	20,112
Miscellaneous	8,276
Payroll taxes	25,158
Salaries	270,408
Supplies and protective gear	25,401
Tax collector fees	23,294
Telephone	3,118
Training and fire prevention	4,803
Utilities	14,371
Vehicle maintenance	39,085
Volunteer fire department expense	840
Capital outlays	
Vehicles	39,632
Equipment	97,153
Debt service	
Principal retirement	57,610
Interest expense	22,447
Total Expenditures	774,003
Excess of revenues over expenditures	23,117

See accompanying independent auditors' report and footnotes.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Other Financing Sources	
Proceeds from capital lease	31,232
Net change in fund balance	54,349
Fund Balance, Beginning of Year	664,278
Fund Balance, End of Year	\$ 718,627

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balance - total governmental funds	\$ 54,349
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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 exceeded the depreciation expense in the current period.

Capital outlay	136,785
Depreciation expense	(107,448)
	29,337

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

Principal payment on debt	57,610
Proceeds from capital lease	(31,232)
	26,378

Change in net position of governmental activities	\$ 110,064
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See accompanying independent auditors' report and footnotes.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 - INTRODUCTION

On July 14, 1981, the Fire Protection District No. 1 of the Parish of Pointe Coupee, Louisiana was created by a resolution of the Pointe Coupee Parish Police Jury under authority of Louisiana Revised Statute 40:1491. The District operates under a commission form of government and provides fire protection services to all the territory situated within historical Wards 1, 2, and 3 of Pointe Coupee Parish. In accordance with LRS 40:1494, the District is managed by a board of five commissioners appointed by the Pointe Coupee Parish Police Jury. The Chairman is elected by these commissioners. These five commissioners accept no compensation although per diem is allowed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District is body politic and a corporate and political subdivision of the Pointe Coupee Parish Police Jury. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Pointe Coupee Parish Police Jury or the general government services provided by that governmental unit.

No component units were identified for inclusion in the District's financial statements.

Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting on the district as a whole) and fund financial statements (reporting the district's major funds). Both of these statements are designed to categorize primary activities as either governmental or business type activities. All activities for the District are classified as governmental.

The government-wide financial statements include the statement of net position and the statement of activities. These statements are presented on the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem tax revenues are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The government wide statement of activities shows the amount by which the direct expenses of a functional category (Public Safety) are offset by program revenues.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements (Continued)

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long term debt. Governmental funds of the District include:

General Fund – The general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Tax revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the liability has matured and payment is due.

Cash

Cash includes monies held in checking and savings accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks with principal offices in Louisiana.

Cash deposits are reported at carrying amount which reasonably estimates fair value.

Capital Assets and Depreciation

The District's property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District generally capitalizes assets with cost of \$500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Uniforms and protective gear which are susceptible to excessive wear and tear and fire code regulations are expensed when incurred.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation (Continued)

Capital assets are depreciated using the straight-line method over the estimated useful lives, in years, for depreciable assets as follows:

Buildings	10-40 Years
Vehicles	5-20 Years
Firefighting equipment and tools	5 Years
Furniture, fixtures, and office equipment	3 Years

Fund Equity Classifications

Equity is classified as net position and displayed in two components:

Investment in capital assets, net of related debt – Consists of 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.

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Property Taxes

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general property taxes levied by the Parish. By agreement, the Sheriff receives a commission of approximately 4.2%.

Property taxes are levied and notices are mailed out in mid November of the year. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State Law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If taxes are not paid by the due date of December 31, the taxes bear interest at one and one-fourth percent (1.25%) per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are usually collected by the Sheriff in November and December of the year they are levied and remitted to the District in December of the year they are levied and the January following the year they are levied. Any amounts not collected at December 31 are shown as accounts receivable.

For the year ended December 31, 2017, taxes of \$555,619 were levied on property with assessed valuations totaling \$85,479,782 at the rate of 6.5 mills. Taxes are levied for the purpose of purchasing, maintenance, and operation of the District's fire protection facilities, vehicles, and equipment.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Tax

On April 2, 2005, the voters of Pointe Coupee Parish approved the levy and collection of a 1/4 percent sales and use tax dedicated to the purpose of providing for fire protection throughout the Parish of Pointe Coupee, Louisiana, by assisting the five existing fire protection districts within said Parish to pay operating, maintenance and capital improvement costs within the respective corporate limits of each of said Districts to be shared equally. Sales tax revenues are collected by the Pointe Coupee Parish Police Jury and are generally remitted to the District on a monthly basis. Sales tax revenue is recognized as revenues for the month reported and collected by the Pointe Coupee Parish Police Jury.

Use of Estimates

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

Budgetary Information

The policy and practice of the District is for the Fire Chief to submit an annual budget for the General Fund to the Board for approval and adoption.

The General Fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by function. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end.

Long-Term Obligations

Expenditures for principal and interest payments are recognized in the governmental funds when due.

NOTE 3 – CASH

At December 31, 2017, the status of deposited funds and collateralized balances are as follows:

Noninterest-bearing demand deposits-unrestricted	\$ 185,021
Secured by unlimited federal deposit insurance	185,021
Unsecured/uncollateralized	\$ -

Cash is stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The fiscal agent bank for the District participates in the FDIC's Transactions Account Guarantee program. This program provides depositors with unlimited coverage for noninterest-bearing transaction accounts at participating FDIC-insured institutions.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 – CAPITAL ASSETS

Amounts invested and changes in capital assets for governmental activities are as follows:

	2016	Increase	Decrease	2017
Capital Assets				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Buildings	1,050,949	-	-	1,050,949
Vehicles	1,167,112	39,632	(18,140)	1,188,604
Firefighting equipment and tools	319,194	95,444	-	414,638
Furniture, fixtures, and equipment	18,263	1,709	-	19,972
Total Capital Assets	<u>2,585,518</u>	<u>136,785</u>	<u>(18,140)</u>	<u>2,704,163</u>
Less: Accumulated Depreciation				
Buildings	179,279	26,398	-	205,677
Vehicles	754,622	64,019	(18,140)	800,501
Firefighting equipment and tools	289,000	15,782	-	304,782
Furniture, fixtures, and equipment	15,653	1,249	-	16,902
Total Accumulated Depreciation	<u>1,238,554</u>	<u>107,448</u>	<u>(18,140)</u>	<u>1,327,862</u>
Net Capital Assets for Governmental Activities	<u>\$ 1,346,964</u>	<u>\$ 29,337</u>	<u>\$ -</u>	<u>\$ 1,376,301</u>

NOTE 5 – CERTIFICATES OF INDEBTEDNESS

On April 29, 2013 the board authorized the incurring of debt by issuing certificates of indebtedness in the amount of \$1,100,000 for the purpose of acquiring new fire vehicles, paying off existing debt, and to pay for the cost of issuing the certificates. These certificates were approved by the state bond commission at its meeting on March 21, 2013. Of the \$1,100,000 authorized by the board \$1,084,390 were issued as debt.

The debt matures 15 years from the issue date and shall initially bear an interest rate of 3.15% for the first 10 years and 2.20% for the next 5 years. The certificates will be repaid in one annual payment on June 1st of \$107,113 for the first 4 years and \$81,036 thereafter.

The amounts due on the certificates of indebtedness for the next five years and in five year increments thereafter are as follows:

Years	Principal	Interest	Total
2018	59,435	21,609	81,044
2019	61,291	19,737	81,028
2020	63,230	17,806	81,036
2021	65,222	15,814	81,036
2022-2026	358,251	46,928	405,179
2027	78,659	2,475	81,134
	<u>\$ 686,088</u>	<u>\$ 124,368</u>	<u>\$ 810,456</u>

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 – CHANGES IN GENERAL LONG TERM OBLIGATIONS

	2016	New Debt	Principal Paid	2017
Certificates of indebtedness	\$ 743,698	\$ -	\$ (57,610)	\$ 686,088

NOTE 7 - LAND LEASE

On September 15, 2014 the District signed a 99 year lease for land owned by the Port Commission. The purpose of the lease is to build substation to have the ability to house fire and protection equipment in the Lettsworth area. Payments under this lease are forgiven in lieu of providing fire protection services.

NOTE 8 - RISK RETENTION

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The District carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2017 from coverage in the prior year.

NOTE 9 - LITIGATION AND CLAIMS

There were no judgments, claims or similar contingencies pending against the District at December 31, 2017

NOTE 10 - COMPENSATION PAID TO BOARD MEMBERS

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, per diem paid to board members is as follows:

Bob Allen	\$ 330
Fred Smith	210
Shirley Best	330
Marvin Losavio	330
Duncan Mascote	300
	\$ 1,500

NOTE 11 – SUBSEQUENT EVENTS

The District has evaluated all subsequent events through June 26, 2018, the date the financial statements were available for release.

NOTE 12 - VEHICLE LEASE

On September 18, 2017 the board authorized financing the purchase of a new truck by capital lease through the Government Capital Corporation. The lease agreement was entered into in November of 2017. Terms of the lease are a beginning principal balance of \$31,232, payable in 3 annual payments of \$10,895, with an option to purchase the vehicle after the first payment in 2018. There is a fixed rate on the lease of 3.37%.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 12 - VEHICLE LEASE (CONTINUED)

The amounts due on the certificates of indebtedness for the next three years are as follows:

Years	Principal	Interest	Total
2018	10,495	401	10,896
2019	10,197	699	10,896
2020	10,540	355	10,895
	\$ 31,232	\$ 1,455	\$ 32,687

REQUIRED SUPPLEMENTARY INFORMATION

The following Budgetary Comparison Schedule – General Fund is required by GASB 34. The schedule presents the original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the District

State Law requires the District to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2017, actual revenues were 6.6% greater than the final appropriated budget and actual expenditures were 15% more than the final appropriated budget.

The large difference in budgeted to actual expenditures is attributable to the fact that the budget is prepared on a cash basis while the financials are prepared on the accrual basis.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual (GAAP)	Variance with
	Cash Basis			Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes				
Ad valorem	\$ 438,382	\$ 570,620	\$ 555,324	\$ (15,296)
Sales	149,100	165,996	165,414	(582)
Intergovernmental revenues				
State fire insurance rebate	12,000	6,295	12,590	6,295
State revenue sharing	5,000	4,514	4,514	-
Other	-	-	59,278	59,278
Total Revenues	<u>604,482</u>	<u>747,425</u>	<u>797,120</u>	<u>49,695</u>
Expenditures				
Current operations				
Board fees	2,500	1,260	1,500	(240)
Building and grounds maintenance	12,900	13,334	13,334	-
Contract labor	6,700	4,800	9,653	(4,853)
Emergency fee	16,000	17,146	24,346	(7,200)
Equipment maintenance	6,000	5,151	5,151	-
Insurance	65,500	70,911	73,164	(2,253)
Legal and professional	14,000	20,112	20,112	-
Miscellaneous	7,150	8,882	8,275	607
Payroll taxes	28,000	68,538	20,305	48,233
Salaries	262,000	223,609	270,408	(46,799)
Supplies and protective gear	19,000	23,878	25,401	(1,523)
Tax collector fees	8,000	-	23,294	(23,294)
Telephone	4,200	3,118	3,118	-
Training and fire prevention	3,000	4,803	4,803	-
Utilities	10,500	14,371	14,371	-
Vehicle maintenance	26,000	35,935	39,086	(3,151)
Volunteer fire department expense	1,000	840	840	-
Capital outlays	18,500	72,922	136,785	(63,863)
Debt service	81,038	81,036	80,057	979
Total Expenditures	<u>591,988</u>	<u>670,646</u>	<u>774,003</u>	<u>(103,357)</u>
Expenditures in Excess of Revenue	12,494	76,779	23,117	(53,662)
Proceeds from other financing sources	-	-	31,232	(31,232)
Net Change in Fund Balance	<u>12,494</u>	<u>76,779</u>	<u>54,349</u>	<u>22,430</u>
Fund Balances, Beginning of Year	<u>664,278</u>	<u>664,278</u>	<u>664,278</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 676,772</u>	<u>\$ 741,057</u>	<u>\$ 718,627</u>	<u>\$ 22,430</u>

See accompanying independent auditors' report and footnotes.

OTHER SUPPLEMENTARY INFORMATION

The following pages contain a schedule of compensation paid to the agency head.

The following pages also contain a report on compliance with laws and regulations and on internal control over financial reporting as required by Government Auditing Standards, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, NEW ROADS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE AGENCY HEAD**

Agency Head: Robert Allen

<u>Purpose</u>	<u>Amount</u>
Board per diems	\$ 330

See accompanying independent auditors' report and footnotes.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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
Fire Protection District No. 1 of the
Parish of Pointe Coupee
Batchelor, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Fire Protection District No. 1 of the Parish of Pointe Coupee (the "District") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 26, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

Purpose of this Report

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

Daigrepoint & Brian apac

Daigrepoint & Brian, APAC

Baton Rouge, LA
June 26, 2018

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2017**

Section A - Summary of Auditor's Reports

- The auditors' report expresses an unqualified opinion on the basic financial statements of the Fire Protection District No. 1 of the Parish of Pointe Coupee Parish, Louisiana.
- There were no significant deficiencies or material weaknesses noted during the audit of the basic financial statements.
- There were no instances of noncompliance or other matters noted during the audit of the basic financial statements.

Section B - Financial Statement Findings

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

**FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2016**

Summary of Prior Audit Findings

There were no prior year audit findings.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Fire Protection District No. 1 of the
Parish of Pointe Coupee
Batchelor, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of the Fire Protection District No. 1 ("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 year ended December 31, 2017. The Organization'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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Written policies and procedures were obtained but did not address the functions noted above.
 - 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.
Written policies and procedures were obtained but did not address the purchasing functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained but did not address the disbursement functions noted above.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained but did not address the receipt/collection functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained but did not address the contracting functions noted above.

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

Written policies and procedures were obtained but did not address the credit card functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained but did not address the debt service functions noted above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity*

relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

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

Results: The District holds meetings monthly. Due to a lack of quorum, there was no meeting held for one month of the fiscal period. We were not able to obtain any documentation as to the required amount of meetings to be held annually.

Minutes are maintained and held on file at the Station. The minutes do mention monthly budget-to-actual comparisons on the general fund as well as monthly financial statements.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management provided the listing as requested.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

The district has two bank accounts. An operating account and reserve/savings account. We obtained the May 2017 bank statements and reconciliations for both accounts, noting via the electronic stamp that both were prepared within two months of statements closing dates.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Exception: As of the end of the fiscal period, the Board did review the bank reconciliations on a monthly basis. We did note that the bank reconciliation has evidence of being reviewed by the managing partner of the 3rd party CPA firm that prepares the reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Exception: It was noted that the reconciliation contained two outstanding items of \$5 each for more than 12 months from the statement closing date. We identified no documentation that the items had been researched as of the statement date.

Collections

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

Management provided the listing as requested.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

The District uses an outside CPA firm for its collections/deposit and transaction recording functions. Based on our walkthrough with the CPA firm, we noted no exceptions to this procedure.

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

We noted that one staff member of the CPA firm collects the checks received for the District, while another member prepares the deposit which is reviewed by separate staff member who then delivers the deposit to the bank. The Board reviews copies of the support for all deposits on a monthly basis.

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

It was noted that the staff member responsible for preparing the deposit also is responsible for posting the general ledger entry. The managing partner of the CPA firm reviews the general ledger entries on a monthly basis.

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions were noted.

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

The District does have an insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

Exception: Collection documentation was obtained and it was noted that sequentially pre-numbered receipts are not used by the District.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Collection documentation was obtained and no exceptions were noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Collection documentation was obtained and no exceptions were noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Exception: Based on the collection documentation obtained, we were able to verify that the deposits were made within six calendar days of the deposited check date. The District does not have set procedures that require deposits to be made within one business day.

- e) Trace the actual deposit per the bank statement to the general ledger.

Collection documentation was obtained and no exceptions were noted.

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

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

Management provided the listing as requested.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

While the District does not have written procedures for disbursements, we noted that the District does follow unwritten procedures that include segregation of duties for purchase request, approval, check preparation and check signing.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

This procedure was performed with no exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

This procedure was performed with no exceptions noted.

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

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

Management provided the listing as requested.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]]

Based on our review of the November 2017 combined credit card statement and the related supporting documentation, we noted all transactions were approved by someone other than the authorized cardholder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.
We noted that no finance charges or late fees were present on the selected statement.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We performed the procedures above with no exceptions noted.

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

- 14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Based on a review of the general ledger detail and discussions with management, we noted that there were no travel or travel related expense reimbursements during the fiscal period.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We reviewed documentation for all three of the contracts that the District entered into in during the fiscal period and noted no exceptions to the procedures above.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- Exception: We obtained the personnel files for the 5 employees selected and noted that the District had no documentation to support the agreed upon salaries/pay rates.*
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

We obtained documentation that supports the recording of employee's attendance and the supervisor's approval. It was noted that the District does not offer paid leave.

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

The District experienced one termination and no payments were due at the time of termination.

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

We obtained documentation relating to payroll taxes and noted no exceptions.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above' obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

The five randomly selected employees which were selected for payroll and personnel procedures, completed the required ethics training. No exceptions were noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

We noted that there were signed copies of the handbook, which includes the District's ethics policy, on file for each of the five employees.

Debt Service

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

Not applicable- No debt was issued during the fiscal period.

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

The District made all required payments and met all debt covenants during the fiscal period for the selected note outstanding.

Other

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

Per discussion with the District, there were no funds or assets misappropriated during the period.

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

We viewed the notice required by R.S. 24:523.1 posted on the District's premises. We noted that the District does not currently have a website.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the United States Comptroller General. 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.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

June 26, 2018

FIRE PROTECTION DISTRICT NO. 1 OF THE
PARISH OF POINTE COUPEE, LOUISIANA
MANAGEMENT'S RESPONSE TO EXCEPTIONS TO
STATEWIDE AGREED-UPON PROCEDURES
DECEMBER 31, 2017

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 1: The District will compile their policies and procedures for the financial/business functions listed in written form.
- Item 3b: The District's Board will begin reviewing monthly bank reconciliations at each meeting.
- Item 3c: The District's Board will note any research on outstanding items older than 12 months at the time of the monthly review if applicable.
- Item 7(a): As the Districts collections come solely in the form of checks, it does not feel it necessary to use sequentially pre-numbered collection receipts.
- Item 7(d): The District will implement a collection receipt log to document the date that collections are received by the outside CPA firm.
- Item 16: The District will begin keeping documentation on file to support all payroll related information in each employee's personnel file.