

*Financial Report*

*Terrebonne Parish Fire District No. 10*

*Theriot, Louisiana*

*For the year ended December 31, 2017*

***Financial Report***

***Terrebonne Parish Fire District No. 10***

***Theriot, Louisiana***

***For the year ended December 31, 2017***

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For the year ended December 31, 2017

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Terrebonne Parish Fire District No. 10,  
Theriot, Louisiana.

We have audited the accompanying financial statements of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10, State of Louisiana (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 financial position of the governmental activities and each major fund of Terrebonne Parish Fire District No. 10 as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Schedule of the District's Proportionate Share of Net Pension Liability on page 40 and the Schedule of the District's Contributions on page 41 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 Terrebonne Parish Fire District No. 10 basic financial statements. The accompanying supplementary information, on page 42, is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 basic financial statements. This 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018 on our consideration of Terrebonne Parish Fire District No. 10'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 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 30, 2018.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Terrebonne Parish Fire District No. 10**

Management's Discussion and Analysis of the Terrebonne Parish Fire District No. 10's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$2,221,166 (net position), which represents a 4.88% decrease from last fiscal year.

The District's revenue increased \$35,896 (or 2.92%) primarily due to an increase in intergovernmental revenue.

The District's expenses decreased \$28,658 (or 2.03%) primarily due to decreases in personal services and other services and charges.

The District did not have a deficit fund balance.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's annual report consists of three parts: (1) management's discussion and analysis (this section) (2) financial statements; and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of the District.

## **Government-wide Financial Statements**

The government-wide financial statements 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 presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference 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 each 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 result in cash flows in future fiscal periods. The governmental activity of the District is public safety which is comprised of various programs that include construction, maintenance, and operation of fire protection facilities and the prevention and extinguishment of fires.

## **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. All of the funds of the District are governmental funds.

## **Governmental Funds**

Governmental funds 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 fiscal year. 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. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintained two individual governmental funds during the year. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund, and Debt Service Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 11 through 15 of this report.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of December 31, 2017, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,221,166. A large portion of the District's net position (118.58%) reflects its net investment in capital assets (e.g., land; buildings and improvements; office furniture, fixtures and equipment; trucks, machinery and equipment). Consequently, these assets are not available for future spending.

#### Condensed Statements of Net Position

	December 31,		Dollar
	2017	2016	Change
Current and other assets	\$ 1,616,226	\$ 1,742,355	\$ (126,129)
Capital assets	3,078,940	3,182,713	(103,773)
Deferred outflows of resources	206,480	330,351	(123,871)
Total assets	<u>4,901,646</u>	<u>5,255,419</u>	<u>(353,773)</u>
Current and other liabilities	112,513	180,528	(68,015)
Long-term liabilities	1,408,035	1,565,077	(157,042)
Deferred inflows of resources	1,159,932	1,174,645	(14,713)
Total liabilities	<u>2,680,480</u>	<u>2,920,250</u>	<u>(239,770)</u>
Net position:			
Net investment in capital assets	2,633,940	2,672,713	(38,773)
Restricted	118,882	190,941	(72,059)
Unrestricted	(531,656)	(528,485)	(3,171)
Total net position	<u>\$ 2,221,166</u>	<u>\$ 2,335,169</u>	<u>\$ (114,003)</u>

## Governmental Activities

Governmental activities decreased the District's net position by \$114,003. Key elements of this increase are as follows:

### Condensed Statement of Activities

	For the Year Ended		Dollar Change	Total Percent Change
	December 31,			
	2017	2016		
<b>Revenues:</b>				
Taxes	\$ 1,050,884	\$ 1,063,440	\$ (12,556)	-1.18%
Intergovernmental	130,978	73,650	57,328	77.84%
Miscellaneous	84,096	92,972	(8,876)	-9.55%
Total revenues	<u>1,265,958</u>	<u>1,230,062</u>	<u>35,896</u>	2.92%
<b>Expenses:</b>				
General government	47,740	44,334	3,406	7.68%
Public safety	1,314,941	1,342,995	(28,054)	-2.09%
Debt service	17,280	21,290	(4,010)	-18.84%
Total expenses	<u>1,379,961</u>	<u>1,408,619</u>	<u>(28,658)</u>	-2.03%
Decrease in net position	(114,003)	(178,557)	64,554	-36.15%
Net position beginning of year	<u>2,335,169</u>	<u>2,513,726</u>	<u>(178,557)</u>	-7.10%
Net position, end of year	<u>\$ 2,221,166</u>	<u>\$ 2,335,169</u>	<u>\$ (114,003)</u>	-4.88%

In 2017, the District's tax revenue increased primarily due to collections of prior years ad valorem taxes. Intergovernmental revenue increased due to a FEMA and Volunteer Fire Assistant Grant. Public safety expenses decreased primarily due to decreases in personal services and other services and charges. Debt service expenses decreased due to less interest paid in 2017.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

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

## **Governmental Funds**

The focus of the District's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$540,250 which is a decrease of \$61,535 in comparison with the prior year. Of the total fund balance, \$56,477 is in a non-spendable form, \$123,623 is restricted for debt service, and \$360,150 is available for spending at the District's discretion.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$360,150 while total fund balance reached \$416,627. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the District's General Fund increased by \$13,098 during the current fiscal year. This increase was primarily due to an increase in intergovernmental revenue.

The Debt Service Fund has a total fund balance of \$123,623. The decrease in fund balance of \$74,633 was due to an increase in the principal payment on the bond obligations.

### **General Fund Budgetary Highlights**

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

#### Revenues

- Increased miscellaneous revenue for the anticipated collection of insurance proceeds.

#### Expenditures

- Other services and charges was increased to better reflect expenses paid through the end of the year.
- Repairs and maintenance was increased to better reflect expenses paid through the end of the year.
- Capital outlay was decreased to better reflect expenses paid through the end of the year.

During the year, revenues and expenditures were greater than budgetary estimates.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$3,078,939 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, office furniture, fixtures and equipment, trucks, machinery and equipment, and construction in progress (see table below).

	<u>2017</u>	<u>2016</u>
Construction in progress	\$ -	\$ 55,031
Land	59,500	59,500
Buildings and improvements	2,905,510	2,848,549
Office furniture, fixtures, and equipment	27,741	28,792
Trucks, machinery and equipment	<u>1,843,583</u>	<u>1,779,463</u>
Totals	<u>\$ 4,836,334</u>	<u>\$ 4,771,335</u>

Major capital asset events during the current fiscal year include the following:

- Completion of construction in progress consisting of a new mobile home.
- Purchase of Chief's vehicle, 2017 Chevrolet Tahoe.
- Purchase of bunker gear.
- Purchase of condenser and iPads.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

### Long-term Obligations

As of December 31, 2017, the District had \$445,000 in general obligation bonds payable, that were paid down from prior year's balance of \$510,000 by a total of \$65,000 in principal payments. See further explanation of these obligations in Note 8, Exhibit F of this report. During 2015, the District implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions.*" The net pension liability was decreased by \$102,915 during 2017 to a balance of \$1,017,162 as of December 31, 2017. More detailed information about the District's net pension liability is presented in Note 9, Exhibit F of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The ad valorem tax revenue budgeted represents the estimated amount of the November 2017 assessment, which the District will receive, for the most part, in January 2018.
- Salaries and wages to increase due to a 2% increase for all firemen with three or more years of service.
- Replacement of a fire engine was added to the budget for purchase in 2018.
- Retirement and group insurance expenses are anticipated to increase due to the increase in salaries and wages.

## **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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Fire District No. 10, 1767 Bayou Dularge Road, Theriot, Louisiana 70397.

**STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET****Terrebonne Parish Fire District No. 10**

December 31, 2017

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit B)	Statement of Net Position
<b>Assets</b>					
Cash	\$ 332,117	\$ 9,743	\$ 341,860		\$ 341,860
Certificate of deposit	-	175,000	175,000		175,000
Receivables					
Taxes	689,076	5,992	695,068		695,068
Other	857	-	857	\$ 970	1,827
Due from other governmental units	343,614	2,380	345,994	-	345,994
Due from other funds	60,723	-	60,723	(60,723)	-
Prepaid insurance	56,477	-	56,477	-	56,477
Capital assets:					
Non-depreciable	-	-	-	59,500	59,500
Depreciable, net of accumulated depreciation	-	-	-	3,019,440	3,019,440
Total current assets	1,482,864	193,115	1,675,979	3,019,187	4,695,166
<b>Deferred Outflows of Resources - Pensions</b>	-	-	-	206,480	206,480
Total assets and deferred outflows of resources	<u>\$ 1,482,864</u>	<u>\$ 193,115</u>	<u>\$ 1,675,979</u>	<u>3,225,667</u>	<u>4,901,646</u>
<b>Liabilities</b>					
Accounts payables and accrued expenditures	\$ 41,802	\$ -	\$ 41,802	5,711	47,513
Due to other funds	-	60,723	60,723	(60,723)	-
Long-term liabilities -					
Due within one year	-	-	-	65,000	65,000
Due after one year	-	-	-	1,408,035	1,408,035
Total liabilities	41,802	60,723	102,525	1,418,023	1,520,548
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	1,024,435	8,769	1,033,204	-	1,033,204
Pensions	-	-	-	126,728	126,728
Total deferred inflows of resources	1,024,435	8,769	1,033,204	126,728	1,159,932
Total liabilities and deferred inflows of resources	<u>1,066,237</u>	<u>69,492</u>	<u>1,135,729</u>	<u>1,544,751</u>	<u>2,680,480</u>
<b>Fund Balances/Net Assets</b>					
Fund balances:					
Non-spendable:					
Prepaid insurance	56,477	-	56,477	(56,477)	-
Restricted:					
Debt service	-	123,623	123,623	(123,623)	-
Unassigned	360,150	-	360,150	(360,150)	-
Total fund balances	416,627	123,623	540,250	(540,250)	-
Total liabilities and fund balances	<u>\$ 1,482,864</u>	<u>\$ 193,115</u>	<u>\$ 1,675,979</u>		
Net position:					
Net investment in capital assets				2,633,940	2,633,940
Restricted:					
Debt service				118,882	118,882
Unrestricted				(531,656)	(531,656)
Total net position				<u>\$ 2,221,166</u>	<u>\$ 2,221,166</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**Terrebonne Parish Fire District No. 10**

December 31, 2017

<b>Fund Balances - Governmental Fund</b>		\$ 540,250
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 4,836,334	
Less accumulated depreciation	<u>(1,757,394)</u>	3,078,940
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds		
		206,480
Other assets and liabilities used in governmental activities are not financial resources and are not reported in the governmental funds.		
Accrued interest receivable	\$ 970	
Accrued interest payable	<u>(5,711)</u>	(4,741)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	\$ (445,000)	
Compensated absences	(10,873)	
Net pension liability	<u>(1,017,162)</u>	(1,473,035)
Deferred inflows of resources are not due and payable in the current period and are not reported in governmental funds.		
		<u>(126,728)</u>
<b>Net Position of Governmental Activities</b>		<b><u>\$ 2,221,166</u></b>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

	General Fund	Debt Service Fund	Total	Adjustments (Exhibit D)	Statement of Activities
<b>Revenues</b>					
Taxes	\$ 1,041,817	\$ 9,067	\$ 1,050,884		\$ 1,050,884
Intergovernmental:					
State of Louisiana:					
Federal - FEMA grant	43,192	-	43,192		43,192
State revenue sharing	16,133	-	16,133		16,133
Fire insurance tax	17,388	-	17,388		17,388
Supplemental pay	43,616	-	43,616		43,616
Volunteer Fire Assistance Grant	10,649	-	10,649		10,649
Miscellaneous:					
Interest	3,193	802	3,995	\$ 357	4,352
Insurance Proceeds	-	-	-	47,240	47,240
Other	32,491	13	32,504	-	32,504
Total revenues	<u>1,208,479</u>	<u>9,882</u>	<u>1,218,361</u>	<u>47,597</u>	<u>1,265,958</u>
<b>Expenditures/Expenses</b>					
Current					
General Government:					
Ad valorem tax adjustment	12,227	328	12,555	-	12,555
Ad valorem tax deductions	34,882	303	35,185	-	35,185
Total general government	<u>47,109</u>	<u>631</u>	<u>47,740</u>	<u>-</u>	<u>47,740</u>
Public Safety:					
Personal services	891,139	-	891,139	15,656	906,795
Supplies and materials	25,466	-	25,466	-	25,466
Other services and charges	117,517	-	117,517	1,573	119,090
Repairs and maintenance	87,159	-	87,159	-	87,159
Depreciation	-	-	-	176,431	176,431
Total public safety	<u>1,121,281</u>	<u>-</u>	<u>1,121,281</u>	<u>193,660</u>	<u>1,314,941</u>
Debt Service					
Principal retirement	-	65,000	65,000	(65,000)	-
Interest and fiscal charges	-	18,884	18,884	(1,604)	17,280
Total debt service	<u>-</u>	<u>83,884</u>	<u>83,884</u>	<u>(66,604)</u>	<u>17,280</u>
Capital Outlay	74,231	-	74,231	(74,231)	-
Total expenditures/expenses	<u>1,242,621</u>	<u>84,515</u>	<u>1,327,136</u>	<u>52,825</u>	<u>1,379,961</u>
Excess (deficiency) of revenues over expenditures	(34,142)	(74,633)	(108,775)	(5,228)	(114,003)
<b>Other Financing Sources</b>					
Proceeds from insurance claim	47,240	-	47,240	(47,240)	-
<b>Net Change in Fund Balance</b>	13,098	(74,633)	(61,535)	61,535	-
<b>Change in Net Position</b>	-	-	-	(114,003)	(114,003)
<b>Fund Balances/Net Position</b>					
Beginning of year	403,529	198,256	601,785	1,733,384	2,335,169
End of year	<u>\$ 416,627</u>	<u>\$ 123,623</u>	<u>\$ 540,250</u>	<u>\$ 1,680,916</u>	<u>\$ 2,221,166</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES TO THE STATEMENT OF ACTIVITIES**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

Net Change in Fund Balances - Governmental Funds \$ (61,535)

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.

Capital outlay	\$ 74,231	
Depreciation expense	<u>(176,431)</u>	(102,200)

The net effect of miscellaneous transactions involving  
capital assets, such as sales, disposals and donations,  
is to reduce capital assets

Disposal of capital assets		(1,573)
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The issuance of long-term debt provides current financial  
resources to governmental funds, while the repayment  
of the principal of long-term debt consumes the current  
financial resources of governmental funds. Neither  
transaction, however, has any effect on net position.

Principal payments		65,000
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Some revenues and expenses reported in the Statement  
of Activities do not provide or require the use current  
financial resources and, therefore, are not reported as  
revenues or expenditures governmental funds

Decrease in accrued interest payable	\$ 1,604	
Increase in accrued interest receivable	<u>357</u>	1,961

Long-term liabilities are not due and payable in the  
current period and therefore are not reported in the  
governmental fund.

Increase in compensated absences	\$ (10,873)	
Pension expense	<u>(4,783)</u>	<u>(15,656)</u>

Change in Net Position of Governmental Activities \$ (114,003)

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,050,000	\$ 1,041,605	\$ 1,041,817	\$ 212
Intergovernmental:				
State of Louisiana:				
Federal - FEMA grant	-	-	43,192	43,192
State revenue sharing	15,000	16,134	16,133	(1)
Fire insurance tax	16,000	17,388	17,388	-
Supplemental pay	-	-	43,616	43,616
Volunteer Fire Assistance Grant	-	-	10,649	10,649
Miscellaneous:				
Interest	2,000	3,201	3,193	(8)
Other	-	41,123	32,491	(8,632)
Total revenues	<u>1,083,000</u>	<u>1,119,451</u>	<u>1,208,479</u>	<u>89,028</u>
<b>Expenditures</b>				
Current				
General Government:				
Ad valorem tax adjustment	-	12,227	12,227	-
Ad valorem tax deductions	-	34,882	34,882	-
Total general government	<u>-</u>	<u>47,109</u>	<u>47,109</u>	<u>-</u>
Public Safety:				
Personal services	826,800	829,358	891,139	(61,781)
Supplies and materials	14,500	16,725	25,466	(8,741)
Other services and charges	106,100	136,552	117,517	19,035
Repairs and maintenance	59,100	101,208	87,159	14,049
Total public safety	<u>1,006,500</u>	<u>1,083,843</u>	<u>1,121,281</u>	<u>(37,438)</u>
Capital Outlay	<u>55,000</u>	<u>48,464</u>	<u>74,231</u>	<u>(25,767)</u>
Total expenditures	<u>1,061,500</u>	<u>1,179,416</u>	<u>1,242,621</u>	<u>(63,205)</u>
Excess (deficiency) of revenues over expenditures	21,500	(59,965)	(34,142)	25,823
Other Financing Sources				
Proceeds from insurance claim	<u>-</u>	<u>47,240</u>	<u>47,240</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	21,500	(12,725)	13,098	25,823
<b>Fund Balance</b>				
Beginning of year	<u>506,904</u>	<u>403,529</u>	<u>403,529</u>	<u>-</u>
End of year	<u>\$ 528,404</u>	<u>\$ 390,804</u>	<u>\$ 416,627</u>	<u>\$ 25,823</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Fire District No. 10**

December 31, 2017

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Terrebonne Parish Fire District No. 10 (the District) conform to accounting principles generally accepted in the United States of America (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. The following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of the Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2017.

GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the District for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the District and the potential component unit.
4. Imposition of will by the District on the potential component unit.
5. Financial benefit/burden relationship between the District and the potential component unit.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

The District's financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The daily accounts and operations of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise their assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Governmental resources are allocated to and accounted for in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund is always a major fund.

**Debt Service Fund** - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for debt principal, interest and related costs. The Debt Service Fund is reported as a major fund.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Measurement Focus and Basis of Accounting**

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

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current position. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (intergovernmental revenue) are recognized as revenue in the period for which levied. Thus the 2017 property taxes which are being levied to finance the 2018 budget will be recognized as revenue in 2018. The 2017 tax levy is recorded as deferred inflows of resources in the financial statements. Miscellaneous revenues are recognized as revenues when received in cash by the District or intermediary collecting agency because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Use of Estimates**

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

**e) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection, of the proposed budget, and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

The General Fund budget presentation is included in the financial statements.

**f) Accounts Receivable**

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

**g) Prepaid Insurance**

The District has chosen to record prepaid insurance in its governmental fund.

**h) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Capital Assets (Continued)**

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. 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 of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 - 40 years
Trucks	5 - 15 years
Machinery and equipment	5 - 25 years
Office furniture, fixtures, and equipment	3 - 12 years

Fund Financial Statements:

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

**i) Deferred Outflows of Resources**

In addition to assets, the Statement of Net Position and Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period (s) and so will not be recognized as an outflow of resources (expense) until then. The District has deferred outflows of resources related to pensions.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Long-term Obligations**

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of compensated absences, general obligation bonds and net pension liability.

**Fund Financial Statements:**

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The obligation proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

**k) Vacation and Sick Leave**

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the governmental funds.

Employees of the District receive 24 vacation days after the first year of service with the District. Accumulated vacation leave is due to the employee at the time of termination or death. No more than 30 days of vacation may be carried over from one year to the next.

Every firefighter in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of no less than fifty-two weeks. A firefighter employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A firefighter is entitled to sick leave benefits even through the injury or illness may have occurred while he was off duty. Firefighters are not prohibited from engaging in part-time employment while receiving sick leave. A probationary firefighter who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the District. Sick leave does not accumulate for District employees. Accordingly, there is no accumulated sick leave for the District as of December 31, 2017.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l) Deferred Inflows of Resources**

The District reports deferred inflows of resources in the financial statements when resources associated with imposed non-exchange revenue transactions are received or reported as a receivable before (a) the period for which property taxes are levied or (b) the period when resources are required to be used or when use is first permitted for all other imposed non-exchange revenues in which the enabling legislation includes time requirements. The District reports deferred inflows of resources related to property taxes and pensions.

**m) Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Firefighters' Retirement System of Louisiana (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported a fair value.

**n) Equity**

Government-wide Statements:

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

- a. Net investment in capital assets - 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, if any.
- b. Restricted - Consists of assets and deferred outflows of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or other enabling legislation.
- c. Unrestricted - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) Equity (Continued)**

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.

Fund Financial Statements:

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

- a. Non-spendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the District's Board of Commissioners. Commitments may be established, modified, or rescinded only through resolutions approved by the District's Board of Commissioners.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed by that are intended to be used for specific purposes. Assigned amounts may be established, modified or rescinded through a majority vote by the District's Board of Commissioners.
- e. Unassigned - all other spendable amounts.

For the classification of governmental fund balances, the District considers an expenditure to be made from the most restrictive classification first when more than one classification is available. The District's fund balance was classified as non-spendable, restricted and unassigned as of December 31, 2017.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) New GASB Statements

During the year ending December 31, 2017, the District implemented the following GASB Statements:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*" addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This statement did not effect the District's financial statements.

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. Management has not yet determined the effect of this Statement on the financial statements. This statement did not effect the District's financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provides recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. Management has not yet determined the effect of this Statement on the financial statements. This statement did not effect the District's financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o) New GASB Statements (Continued)**

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not effect the District's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*" replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o) New GASB Statements (Continued)**

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "*Omnibus 2017*" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "*Omnibus 2017*" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the financial statements.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o) New GASB Statements (Continued)**

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

**Note 2 - DEPOSITS**

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

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**Note 2 - DEPOSITS (Continued)**

The year-end balances of deposits consist of cash in bank accounts and a certificate of deposit as follows:

	Bank Balances	Report Amount
Cash	\$ 363,469	\$ 341,860
Certificate of Deposit	175,000	175,000
	\$ 538,469	\$ 516,860

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2017, \$100,086 of the District's bank balance of \$538,469 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in the District's name by state statutes.

As of December 31, 2017, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, consider these securities subject to custodial credit risk. Even though these deposits are considered subject to custodial risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

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

**Note 3 - PROPERTY TAXES (Continued)**

The last reevaluation was completed for the list of January 1, 2016. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2017 was \$23.00 per \$1,000 of assessed valuation on property within Fire District No. 10 for the purpose of constructing, maintaining, and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes including charges for fire hydrant rentals and services, and \$0.20 per \$1,000 of assessed valuation for the payment of debt and interest. As indicated in Note 1c, taxes levied November 1, 2017 are for budgeted expenditures in 2018 and will be recognized as revenues in 2018.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units as of December 31, 2017 consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
State of Louisiana:			
FEMA grant	\$ 43,192		\$ 43,192
Federal Volunteer Assistance Grant	10,649		10,649
State revenue sharing	10,683		10,683
Terrebonne Parish Tax Collector - December, 2017 collections remitted to the District in January, 2018:			
Ad valorem taxes	273,749	\$ 2,380	276,129
State revenue sharing	<u>5,341</u>	<u>-</u>	<u>5,341</u>
Total	<u>\$ 343,614</u>	<u>\$ 2,380</u>	<u>\$ 345,994</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017 is presented on the following page:

**Note 5 - CHANGES IN CAPITAL ASSETS (Continued)**

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets not being depreciated:				
Construction in progress	\$ 55,031	\$ 2,150	\$ (57,181)	\$ -
Land	59,500	-	-	59,500
Total capital assets not being depreciated	<u>114,531</u>	<u>2,150</u>	<u>(57,181)</u>	<u>59,500</u>
Capital assets being depreciated:				
Buildings and improvements	2,848,549	59,461	(2,500)	2,905,510
Trucks	1,411,242	42,578	-	1,453,820
Machinery and equipment	368,221	26,674	(5,132)	389,763
Office furniture, fixtures, and equipment	28,792	549	(1,600)	27,741
Total capital assets being depreciated	<u>4,656,804</u>	<u>129,262</u>	<u>(9,232)</u>	<u>4,776,834</u>
Less accumulated depreciation for:				
Buildings and improvements	(449,850)	(76,280)	2,500	(523,630)
Trucks	(834,956)	(75,473)	-	(910,429)
Machinery and equipment	(282,907)	(21,918)	4,812	(300,013)
Office furniture, fixtures, and equipment	(20,909)	(2,760)	347	(23,322)
Total accumulated depreciation	<u>(1,588,622)</u>	<u>(176,431)</u>	<u>7,659</u>	<u>(1,757,394)</u>
Total capital assets being depreciated, net	<u>3,068,182</u>	<u>(47,169)</u>	<u>(1,573)</u>	<u>3,019,440</u>
Total capital assets, net	<u>\$ 3,182,713</u>	<u>\$ (45,019)</u>	<u>\$ (58,754)</u>	<u>\$ 3,078,940</u>

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenditures as of December 31, 2017 are presented on the following page:

**Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES (Continued)**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Governmental fund:			
Salaries and benefits	\$ 27,414		\$ 27,414
Vendors	3,584		3,584
Terrebonne Parish Consolidated Govt.	<u>10,804</u>		<u>10,804</u>
Total governmental funds	41,802		41,802
Governmental activities:			
Accrued interest on long-term debt	<u>-</u>	<u>5,711</u>	<u>5,711</u>
Totals	<u>\$ 41,802</u>	<u>\$ 5,711</u>	<u>\$ 47,513</u>

**Note 7 - DUE TO/FROM OTHER FUNDS**

Due to/from other funds are listed by fund for the year ended December 31, 2017:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	<u>\$ 60,723</u>	
Debt Service Fund		<u>\$ 60,723</u>

The balances above result from interest payment and principal on bonds paid through the operating account.

**Note 8 - LONG-TERM OBLIGATIONS**

As of December 31, 2017, the District had outstanding general obligation bonds (series 2008) totaling \$445,000 bearing interest at 3.85% payable through March 1, 2023. This bond series is payable primarily from ad valorem tax revenues.

Through December 31, 2017, the District has recognized issuances in the amount of \$10,873 for compensated absences as further described in Note 1-k.

Through December 31, 2017, the District has recognized obligations in the amount of \$1,017,162 for the defined benefit pension plan as further described in Note 9.

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2017:

	Payable January 1, 2017	Issuances	Obligations Retired	Payable December 31, 2017
Compensated absences	\$ -	\$ 10,873	\$ -	\$ 10,873
General obligation bonds				
Series 2008	510,000	-	65,000	445,000
Defined benefit pension plan	<u>1,120,077</u>	<u>-</u>	<u>102,915</u>	<u>1,017,162</u>
 Total long-term obligations	 <u>\$ 1,630,077</u>	 <u>\$ 10,873</u>	 <u>\$ 167,915</u>	 <u>\$ 1,473,035</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2017 are as follows:

Year Ending December 31,	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 65,000	\$ 15,881
2019	70,000	13,283
2020	70,000	10,588
2021	75,000	7,796
2022	80,000	4,812
2023	<u>85,000</u>	<u>1,636</u>
Totals	<u>\$ 445,000</u>	<u>\$ 53,996</u>

**Note 9 - DEFINED BENEFIT PLAN**

**Plan Description** - The District contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2272, specifically, and other general laws of the State of Louisiana. Membership in the System is a condition of employment for any full-time firefighter earning at least \$375 per month and generally between the ages of 18 and 50 years old.

**Benefits Provided** - The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System. Employees with 20 or more years of service who have attained age 50 or employees with twelve years of service and age 55 or 25 years of service at any age are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service. Employees may elect to receive benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated benefits received from employer's contributions. The State Legislature authorized the System to establish a deferred retirement option plan (DROP). After completing 20 years of creditable service and age 50 or 25 years of service at any age, a member may elect to participate in DROP for up to 36 months. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

**Note 9 - DEFINED BENEFIT PLAN (Continued)**

**Contributions** - Employer contributions are actuarially determined each year. For the year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively. Plan members are required to contribute 10% of their annual covered payroll and the District is required to contribute at an actuarially determined rate. The District's contribution rate during the period January 1, 2017 through June 30, 2017 was 25.25%. Effective July 1, 2017 through December 31, 2017, the contribution rate was increased to 26.50% of annual covered payroll.

The District's contributions to the Systems for the years ending December 31, 2017, 2016, and 2015 were \$111,854, \$105,873, and \$122,593, respectively, equal to the required contributions for each year.

**Pension Liabilities** - As of December 31, 2017, the District reported a liability of \$1,017,162 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.1775% which was a decrease of 0.0062% from its proportion measured as of June 30, 2016.

**Pension Expense** - For the year ended December 31, 2017, the District recognized pension expense of \$121,047.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - As of December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources presented on the following page:

**Note 9 - DEFINED BENEFIT PLAN (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (46,811)
Changes in assumptions	42,549	-
Change in proportion	17,707	(79,917)
Net difference between projected and actual earnings on pension plan investments	87,505	-
Contributions subsequent to the measurement date:		
Current year	<u>58,719</u>	<u>-</u>
	<u>\$ 206,480</u>	<u>\$ (126,728)</u>

The District reported \$58,719 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 21,262
2019	38,785
2020	(36)
2021	(35,270)
2022	(10,678)
2023	<u>6,970</u>
Totals	<u>\$ 21,033</u>

**Actuarial Assumptions** - The actuarial assumptions used in the June 30, 2017 valuation were based on the assumptions used in the June 30, 2017 actuarial funding valuation. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are presented on the following page:

**Note 9 - DEFINED BENEFIT PLAN (Continued)**

<b>Valuation Date</b>	June 30, 2017
<b>Actuarial Cost Method</b>	Entry Age Normal Cost
<b>Estimated Remaining Service Life</b>	7 years, closed period
<b>Investment Rate of Return</b>	7.4% per annum (net of fees)
<b>Inflation Rate</b>	2.775% per annum
<b>Salary Increases</b>	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service.
<b>Cost of Living Adjustments</b>	Only those previously granted

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

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

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

**Note 9 - DEFINED BENEFIT PLAN (Continued)**

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of return</u>
Equity		
U.S. Equity	27%	6.15%
Non-U.S. Equity	20%	7.45%
Global Equity	10%	6.85%
Fixed Income	23%	2.04%
Alternatives		
Real Estate	6%	4.62%
Private Equity	4%	8.73%
Multi-Asset Strategies		
Global Tactical Asset Allocation	5%	4.40%
Risk Parity	5%	4.79%

**Discount Rate** - The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the participating employers calculated using the discount rate of 7.40%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.4%) or one percentage-point higher (8.4%) than the current rate as of June 30, 2017.

	<u>1% Decrease (6.40%)</u>	<u>Current Discount Rate 7.40%</u>	<u>1% Increase (8.40%)</u>
District's proportionate share of the net pension liability	<u>\$ 1,461,623</u>	<u>\$ 1,017,162</u>	<u>\$ 643,529</u>

**Note 9 - DEFINED BENEFIT PLAN (Continued)**

**Pension Plan Fiduciary Net Position** - The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136 or on the System's website, [www.lafirefightersret.com](http://www.lafirefightersret.com).

**Note 10 - SUPPLEMENTAL PAY**

In addition to the compensation paid by Terrebonne Parish Fire District No. 10, employees who are firemen may be eligible to receive supplemental pay. The amount of compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2003, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the district obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by a fire districts are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay, and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2017, the District has recognized revenue and expenditures of \$43,616 in salary supplements that the State of Louisiana has paid directly to the District's employees.

**Note 11 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters and group health benefits for which the District carries commercial insurance and participates in the Parish's risk management program for group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for group health insurance are based on a fixed rate per employee.

**Note 11 - RISK MANAGEMENT (Continued)**

The Parish is self-insured for the first \$175,000 of each claim relating to group health. The aggregate deductible of all group claims relating to group insurance for 2016 was \$19,880,318. Insurance contracts cover excess liability on individual claims. Coverage for group health claim liabilities are to be funded first by the assets of the Parish's group health internal services fund, \$238,436 as of December 31, 2016, then secondly by the District. As of December 31, 2017, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2017 totaled \$103,888.

**Note 12 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to Board Members for the year ended December 31, 2017:

Board Members	Number of Meetings Attended	Per Diem
Robert Champagne, Jr.	12	\$ 360
Melvin Malbrough	10	300
Shirley Liner	13	390
Holly Liner	3	90
Regina Pierron	1	30
Alan Knight	6	180
Dwayne Knight	9	270
Total		\$ 1,620

**Note 13 - STATE OF LOUISIANA TAX ABATEMENTS**

The District's ad valorem tax revenues were reduced by \$70,100 under agreements entered into by the State of Louisiana.

**Note 14 - SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through May 30, 2018, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Terrebonne Parish Fire District No. 10**

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	<u>0.1775%</u>	<u>0.1712%</u>	<u>0.1936%</u>
District's proportionate share of the net pension liability	<u>\$1,017,162</u>	<u>\$1,120,077</u>	<u>\$1,044,994</u>
District's covered-employee payroll	<u>\$414,340</u>	<u>\$386,115</u>	<u>\$419,122</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>245.49%</u>	<u>290.09%</u>	<u>249.33%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73.55%</u>	<u>68.16%</u>	<u>72.45%</u>

See notes to financial statements.

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**Terrebonne Parish Fire District No. 10**

December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 111,854	\$ 105,873	\$ 122,593
Contributions in relation to the contractually required contribution	<u>111,854</u>	<u>105,873</u>	<u>122,593</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 432,015</u>	<u>\$ 403,492</u>	<u>\$ 431,960</u>
Contributions as a percentage of covered-employee payroll	<u>25.89%</u>	<u>26.24%</u>	<u>28.38%</u>

See notes to financial statements.

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Terrebonne Parish Fire District No. 10**

December 31, 2017

**Agency Head Name:** Quint Liner

<b>Purpose</b>	<b><u>Amount</u></b>
Salary	\$ 93,458
Benefits - insurance	15,566
Benefits - retirement	23,549
Benefits - other	-
Car allowance	-
Vehicle provided by government	1,291
Per diem	-
Reimbursements	-
Travel	-
Registration fees	156
Conference travel	658
Continuing professional education fees	205
Housing	-
Unvouchered expenses	-
Meals	198
	<u>\$ 135,081</u>

Note: Quint Liner is the Fire Chief of the District and functions as the Chief Executive Officer.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Board of Commissioners,  
Terrebonne Parish Fire District No. 10,  
Theriot, 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 Terrebonne Parish Fire District No. 10 (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise District's financial statements and have issued our report thereon dated May 30, 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 District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2017-001, 2017-002 and 2017-003, that we consider to be material weaknesses.

### **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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-002 and 2017-003.

### **Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
May 30, 2018.

## SCHEDULE OF FINDINGS AND RESPONSES

### Terrebonne Parish Fire District No. 10

For the year ended December 31, 2017

#### Section I Summary of Auditor's Results

##### a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes      no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?      yes   X   no

Noncompliance material to financial statements noted?   X   yes      no

##### b) Federal Awards

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017 and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

#### Section II Financial Statement Findings

##### Internal Control

**2017-001 Criteria** – At the core of detection and prevention of fraud and cash management is the preparation of bank reconciliations on a timely basis for all bank accounts.

**Condition** – Monthly bank reconciliations were not prepared, reviewed or agreed to the general ledger during 2017. Reconciliations were prepared at the time of the audit.

**Effect** – During 2017, District may not have been aware of the balance in the checking accounts.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(continued)**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

**Section II Financial Statement Findings (Continued)**

**Internal Control (Continued)**

**Cause** – A lack of oversight due to the transition of personnel in the role of secretary/treasurer.

**Content** – Systematic.

**Auditor's Recommendation** – We recommend the Board implement and adhere to a procedure to ensure that monthly bank reconciliations are properly prepared, reviewed and agreed to the general ledger immediately after receipt of the bank statement.

**Views of Responsible Officials** – The Board will give consideration to implementing and adhering to a procedure for the preparation and review of monthly bank reconciliations.

**2017-002 Criteria** – The Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342 requires:

1. A budget adoption instrument that specified the chief executive's authority to make budgetary amendments without approval of the governing authority (R.S. 39:1305)
2. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).
3. To the extent that proposed expenditures were greater than \$500,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (R.S. 39:1307).
4. Publish a statement that all action necessary to adopt and finalize the budget was completed prior to the date required by state law (R.S. 39:1309).

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(continued)**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

**Section II Financial Statement Findings (Continued)**

**Internal Control (Continued)**

**Condition** – The 2017 amended/final and proposed 2018 budgets adopted by the Board were not made available for public inspection and not advertised in the official journal. Notice was not published certifying that all actions required by the Local Government Budget Act have been completed.

**Effect** – Budgets were not made available for public inspection and comment.

**Cause** – A lack of oversight due to the transition of personnel in the role of secretary/treasurer.

**Content** – Systematic.

**Auditor's Recommendation** – We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the Fire District adopt and publish original, amended and final budgets for 2017. We recommend the Fire District publish the proposed budget for 2018. These policies and procedures should be approved by management and/or the board and should be in place for the full year.

**Views of Responsible Officials** – Budgets for 2017 and 2018 will be published in The Courier.

**2017-003 Criteria** – Minutes, ordinances, resolutions, budgets and other official proceedings of the municipalities are published in the official journal (R.S. 43:141-14+6 and A.G. 86-528).

**Condition** – Board minutes were not published in the official journal (The Courier) during 2017.

**Effect** – Board minutes were not available to the public.

**Cause** – A lack of oversight due to the transition of personnel in the role of secretary/treasurer.

**SCHEDULE OF FINDINGS AND RESPONSES**  
**(continued)**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

**Section II Financial Statement Findings (Continued)**

**Internal Control (Continued)**

**Content** – Systematic.

**Auditor's Recommendation** – We recommend the Board publish minutes for 2017 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

**Views of Responsible Officials** – Minutes for 2017 will be published in The Courier.

**Compliance**

Findings 2017-002 and 2017-003 are also compliance findings.

**Section III Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

**Section I Internal Control and Compliance Material to the Financial Statements**

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2016.

No significant deficiencies were noted during the audit for the year ended December 31, 2016.

**Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2016.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2016.

# MANAGEMENT'S CORRECTIVE ACTION PLAN

## Terrebonne Parish Fire District No. 10

For the year ended December 31, 2017

### Section I Internal Control and Compliance Material to the Financial Statements

#### Internal Control

**2017-001 Recommendation** - We recommend the Board implement and adhere to a procedure to ensure that monthly bank reconciliations are properly prepared, reviewed and agreed to the general ledger immediately after receipt of the bank statement.

**Management's Response** - The Board will give consideration to implementing and adhering to a procedure for the preparation and review of monthly bank reconciliations.

#### Internal Control and Compliance

**2017-002 Recommendation** - We recommend the District ensure that budget policies and procedures are adequate and are being followed. We recommend the District adopt and publish original, amended and final budgets for 2017. We recommend the Fire District publish the proposed budget for 2018. These policies and procedures should be approved by management and/or the board and should be in place for the full year.

**Management's Response** - Budgets for 2017 and 2018 will be published in The Courier.

**2017-003 Recommendation** - We recommend the Board publish minutes for 2017 in the official journal (The Courier) and continue to publish minutes immediately after adoption by the Board.

**Management's Response** – Minutes for 2017 will be published in The Courier.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**(continued)**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

**Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Fire District No. 10 did not expend federal awards in excess of \$750,000 during the year ended December 31, 2017, and therefore is exempt from the audit requirements under the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2017.

**AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT'S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners,  
Terrebonne Parish Fire District No. 10,  
Theriot, Louisiana.

We have performed the procedures described in Schedule 2, which were agreed to by Terrebonne Parish Fire District No. 10, State of Louisiana (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 District's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AICPA. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 2.

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 these 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 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 23:513, this report is distributed by the LLA as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants

Houma, Louisiana,  
May 30, 2018.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS**  
**OF THE STATEWIDE AGREED-UPON PROCEDURES**

**Terrebonne Parish Fire District No. 10**

For the year ended December 31, 2017

The required procedures and our findings are as follows:

**Procedures performed on the District's written policies and procedures:**

1. Obtain the District'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 District does not have any written policies and procedures), as applicable:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting, and found it to contain all requirements listed above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
  - 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.

Performance: Obtained and read the written policy for purchasing, and found it to contain all requirements listed above, except as noted below.  
Exceptions: Management's policy on purchasing does not include a provision discussing how vendors are added to the vendor list or documentation required to be maintained for all bids and price quotes.  
Management's response: Management will consider adding a provision discussing how vendors are added to the vendor list and documentation required to be maintained for all bids and price quotes.
  - c) Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements, and found it to contain all requirements listed above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

**Procedures performed on the District's written policies and procedures: (Continued)**

- d) Receipts, including receiving, recording, and preparing deposits.  
Performance: Obtained and read the written policy for receipts, and found it to contain all requirements listed above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
Performance: Obtained and read the written policy for payroll/personnel, and found it to contain all requirements listed above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.
- 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.  
Performance: Obtained and read written policy for contracting, and found it to contain all requirements listed above, except as noted below.  
Exceptions: Management's policy on contracting does not include a provision discussing standard terms and conditions for contracts, legal review or monitoring process.  
Management's response: Management will consider adding a provision discussing the standard terms and conditions for contracts, legal review and 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.  
Performance: Obtained and read the written policy for credit cards, and found it to contain all requirements listed above, except as noted below.  
Exceptions: Management's policy on credit cards does not include a provision discussing allowable business uses or required approvers.  
Management's response: Management will consider adding a provision discussing the allowable business uses and required approvers.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers.  
Performance: Obtained and read the written policy for travel and expense reimbursement, and found it to contain all requirements listed above.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

**Procedures performed on the District's written policies and procedures: (Continued)**

- 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.

Performance: Obtained and read the written policy for ethics, and found it to contain none of the requirements listed above.

Exceptions: Management's policy on ethics does not address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, system to monitor possible ethics violations or requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Management's response: Management will consider adding a provision discussing the prohibitions as defined in Louisiana Revised Statute 42:1111-1121; actions to be taken if an ethics violation takes place; system to monitor possible ethics violations; and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

Performance: Obtained and read the written policy for debt service, and found it to contain all of the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: There were no exceptions noted.

**Procedures performed on the District's board:**

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.

Performance: Obtained and read the written minutes of board meetings, as well as inquired about advertising for board meetings in the local newspaper.

Exceptions: Minutes of board meetings were not published in the local newspaper.

Management's response: Management was not aware that the minutes were not being published in the local newspaper, management has since published all minutes.

- 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).

Performance: Inspected meeting minutes and inquired of management of monthly budget-to-actual comparisons.

Exceptions: Budget-to-actual comparisons were not included in all meeting minutes.

**Procedures performed on the District's board: (Continued)**

Management's response: Management will ensure that budget-to-actual comparisons are included in the meeting packets given to the board members and referenced in the minutes.

- 1) 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.

Performance: Inspected meeting minutes and inquired of management of monthly budget-to-actual comparisons.

Exceptions: Budget-to-actual comparisons were not included in all meeting minutes

Management's response: Management will ensure that budget-to-actual comparisons are included in the meeting packets given to the board members and referenced in the minutes.

- 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.

Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts and disbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's bank reconciliations:**

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the District'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). 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;

Performance: Selected all four of the District's bank accounts. Inspected management's documentation for accuracy of bank reconciliations.

**Procedures performed on the District's bank reconciliations: (Continued)**

Exceptions: There were no bank reconciliations prepared for the operating account during the year.

Management's response: Management will prepare bank reconciliations monthly.

- 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

Performance: Requested documentation for management approvals of bank reconciliation.

Exceptions: There was no evidence that bank reconciliations were prepared.

Management's response: Management will prepare bank reconciliations and include evidence of review on the bank reconciliations.

- 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.

Performance: Inspected documents for items outstanding for more than 6 months.

Exceptions: Two reconciling items were outstanding for more than 6 months as of the end of the fiscal period, with no research documentation.

Management's response: Management will document research of items outstanding for more than 6 months.

**Procedures performed on the District's collections:**

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

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the District'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).

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.

Performance: Inquired of client as to all of the requirements.

Exceptions: There were no exceptions noted.

**Procedures performed on the District's collections: (Continued)**

Management's response: Not applicable.

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

Performance: Reviewed reconciliation reports and general ledger, as well as inquiries of management to ensure separation of duties. The secretary/treasurer records and reconciles receipts. The Board approves the monthly list of receipts and disbursements after payment has been made.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

- 1) Using District 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.

Performance: Because the highest dollar week of cash collections will be the week that ad valorem taxes are received, our test population was based across all revenue accounts, and all months throughout the year. We selected a sample of 25 cash receipt transactions.

Exceptions: In three instances, cash was not deposited within one day of receipt. In five instances, collection documentation was not available to determine the number of days from receipt to deposit.

Management's response: Management will begin to adhere strictly to the policy to deposit all receipts within one day of their actual receipt.

- 2) 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.

Performance: Inspected the journal of cash receipts, internal deposit summaries and deposits per the bank statement.

Exceptions: Collection documentation was not available to determine the number of days from receipt to deposit.

Management's response: Management will consider attaching copies of checks with date received and/or receipts to deposit slips.

**Procedures performed on the District's collections: (Continued)**

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the District has a process specifically defined (identified as such by the District) 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.

Performance: Inquired of management for a receipts policy.

Exceptions: The secretary/treasurer determines completeness of receipts.

Management's response: Management will consider adding additional personnel to determine completeness of revenue source.

**Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):**

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

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from Step #8 above, select 25 disbursements (or 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. The Chief has the authority to initiate purchases less than \$500.

Performance: Selected 25 disbursements exceeding \$2,833 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the District. The District uses a paperless numerical requisition system whereby requisition numbers are documented in a ledger.

Exceptions: Three disbursements did not include a requisition number.

Management's response: Management will adhere to their policy of the use of requisition numbers for all applicable disbursements.

**Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)**

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

Performance: Selected 25 disbursements over \$2,833 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the District.

Exceptions: Three disbursements were not approved by the Board.

Management's response: Management will adhere to their policy of Board approval for all applicable disbursements.

- 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.

Performance: Selected 25 disbursements in excess of \$2,833 each. Requested requisitions, purchase orders, and related invoices, as well as inquiries of the client.

Exceptions: Six disbursements did not include a receiving report showing receipt of goods purchased.

Management's response: Management will consider documenting the receipt of goods or services through receiving reports, packing slips, or other documentation.

10. Using District 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 District's purchasing/disbursement system.

Performance: Inspected procedures and inquired of management as to separation of duties.

Exceptions: The secretary/treasurer is responsible for adding vendors, as well as processing payments.

Management's response: Management will consider limiting the addition of new vendors to persons not responsible for processing payments.

11. Using District 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.

Performance: Confirmed with documentation who is responsible for signing checks and making the final authorization. Purchases can be initiated by anyone within the District, but require board approval before payment. Although the Secretary/Treasurer is responsible for recording purchases and has signatory authority, it was noted that all checks must be signed by either the chairman or vice chairman as well.

Exceptions: There were no exceptions were noted.

Management's response: Not applicable.

**Procedures performed on the District's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)**

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.

Performance: Inquired of management where the supply of unused checks is held. The unused checks are kept locked in the Secretary/Treasurer's office. Although the Secretary/Treasurer has signatory authority, it was noted that all checks must have two signatures.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inquired of management and Secretary/Treasurer as to whether there is a signature stamp or machine. Per Secretary/Treasurer, he does not have a signature stamp. Also, it was noted that all checks must have two signatures and no board member has a signature stamp.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's 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.

Performance: Obtained the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

15. Using the listing prepared by management, 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.

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:

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:  
(Continued)**

- 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.

Performance: Obtained all monthly statements for one credit card and observed for supporting documentation, as well as approvals.

Exceptions: The supporting documentation was not attached to the monthly statement; there was no evidence that the statement or combined statement was reviewed and approved. The secretary/treasurer is responsible for reviewing the statements, recording transactions, and paying statements on a monthly basis. A board member signs as a dual signature on the check and the board approves payments that have been made at the next board meeting.

Management's response: Management will consider ensuring that supporting documentation is attached to monthly statements and improving the segregation of duties.

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

Performance: Traced all open account payments and balances on the statement in order to note if any fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Performance: Traced each transaction to an original itemized receipt.

Exceptions: Two detailed receipts were missing from the open account monthly statement.

Management's response: Management will ensure that proper documentation is attached to open account monthly statements prior to payment.

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

Performance: Requested documentation of the purpose of each transaction.

Exceptions: Two receipts for banquet meals were missing from the monthly statement, but were made available upon request.

Management's response: Management will ensure that proper documentation is attached to open account monthly statements prior to payment.

**Procedures performed on the District's credit cards, debit cards, fuel cards, P-cards:  
(Continued)**

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

Performance: Observed documentation for transactions and inspected policy for other documentation that may be required. No additional documentation required.

Exceptions: Aside from the two detailed receipts noted above, all other transactions were properly documented.

Management's response: Management will ensure that proper documentation is attached to open account monthly statements prior to payment.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the District'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.

Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) For each transaction, compare the District'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.

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's travel and expense reimbursements:**

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.

Performance: Obtained general ledger for travel and related expense reimbursements. No travel related expense reimbursements were noted. Management's representation of the general ledger was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's travel and expense reimbursements: (Continued)**

18. Obtain the District'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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Performance: Inquired of management for a travel and expense reimbursement policy.

Exceptions: Management's travel and expense reimbursement policy does not address reimbursement for lodging or airfare.

Management's response: Management will consider including requirements for reimbursement for lodging and airfare in the expense reimbursement policy.

19. Using the listing or general ledger from Step #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 District does not have written policies, compare to the GSA rates (Step #18 above) and report each reimbursement that exceeded those rates.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b) Report whether each expense is supported by:

1) An original itemized receipt that identifies precisely what was purchased.

Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

2) Documentation of the business/public purpose.

Performance: Inspected travel expenses related to a three person trip to Indianapolis, IN for a FDIC firefighters conference.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's travel and expense reimbursements: (Continued)**

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).  
Performance: Requested Board authorization for out of state travel, conference brochures and certificate of attendance.  
Exceptions: Board authorization is not documented in the minutes and certificate of attendance was not available.  
Management's response: Management will obtain Board authorization for travel and provide evidence of attendance.
- c) Compare the District'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).  
Performance: Inspected travel expenses related to the FDIC firefighters convention.  
Exceptions: Concluded the three attendees were the Fire Chief, one employee and one volunteer firefighter, whom is the Chief's spouse.  
Management's response: Management will obtain Board authorization for travel and provide evidence of attendance.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.  
Performance: Inspected all travel expense accounts and inquired of management as to the existence of any travel related expenses. It was noted that no travel related expenditures were incurred.  
Exceptions: Approval for the trip was not documented in the minutes.  
Management's response: Management will obtain Board authorization for travel and provide evidence of attendance.

**Procedures performed on the District's 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.  
Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.  
Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

**Procedures performed on the District's contracts: (Continued)**

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period. 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.

Performance: Obtained the listing of contract vendors and selected five contract "vendors" that were paid the most money during the fiscal year. Inspected the written contract that supports the service arrangements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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:

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

Performance: For the contracts subject to Louisiana Public Bid Law, compared contract documentation to legal requirements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected contracts and inquired of client as to receipt of any other quotes.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected contracts and inquired of client as to any amendments to the contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected the invoice and compared to the written contract information.

The invoice and related payment complied with the terms of the contract.

**Procedures performed on the District's contracts: (Continued)**

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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).

Performance: Inspected board meeting minutes for documentation of board approval.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's 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. Select five employees/officials, obtain their personnel files, and:

Performance: Obtained the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Reviewed Board minutes authorizing pay rate change.

Exceptions: There were no exceptions noted.

Management's response: 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, select 25 employees/officials (or select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

**Procedures performed on the District's payroll and personnel: (Continued)**

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

Performance: Selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected time sheets for the pay period selected. Employees complete their time card and the Fire Chief's secretary prepares and prints biweekly timesheets. The Fire Chief approves time of all employees. Payroll totals are emailed to the Secretary/Treasurer for processing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired and confirmed that the District maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's response: 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.

Performance: Inquired of management of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. No regular employees have been terminated during the fiscal period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's payroll and personnel: (Continued)**

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.

Performance: Inspected payroll reporting forms to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's ethics:**

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

Performance: Inspected personnel files and ethics course completion certificates for the five employees tested.

Exceptions: No ethics course completion certificates were on file for employees/officials.

Management's response: Management will monitor completion of ethics courses annually by all employees/officials.

27. Inquire of management whether any alleged ethics violations were reported to the District 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 District's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Procedures performed on the District's debt service:**

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

Performance: Inquired of Management as to issuance of debt during the fiscal year. No debt was issued during the fiscal period.

Exceptions: Not applicable.

Management's response: Not applicable.

**Procedures performed on the District's debt service: (Continued)**

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

Performance: Obtained documentation on outstanding debt during the period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

30. If the District 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.

Performance: Reviewed revenues and expenditures of the debt service fund.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Other procedures performed on the District:**

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 District reported the misappropriation to the Legislative Auditor and the District Attorney of the parish in which the District is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

32. Observe and report whether the District 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](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired about such notice posted on the premises and website.

Exceptions: There were no exceptions noted. The District does not have a website.

Management's response: Not applicable.

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

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.