

**West Baton Rouge Parish
Fire Protection District No. 1
Port Allen, Louisiana
December 31, 2018**

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Independent Auditor's Report

Board of Commissioners
West Baton Rouge Parish Fire Protection District No. 1
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of West Baton Rouge Parish Fire Protection District No. 1, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise West Baton Rouge Parish Fire Protection District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of West Baton Rouge Parish Fire Protection District No. 1, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Baton Rouge Parish Fire Protection District No. 1's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head or chief executive officer 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 June 27, 2019, on our consideration of West Baton Rouge Parish Fire Protection District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of West Baton Rouge Parish Fire Protection District No. 1's 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 West Baton Rouge Parish Fire Protection District No. 1's internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

June 27, 2019

West Baton Rouge Parish Fire Protection District No. 1
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 2,542,256
Taxes receivable	278,632
Restricted cash and cash equivalents	85,408
Capital assets	
Non-depreciable	396,301
Depreciable, net	4,853,129
Total assets	<u>8,155,726</u>
Deferred Outflows of Resources	
Resources related to pensions	<u>1,544,003</u>
Liabilities	
Accounts payable	66,161
Accrued liabilities	117,477
Non-current liabilities	
Due in one year	87,000
Due in more than one year	3,114,919
Net pension liability	2,740,726
Total liabilities	<u>6,126,283</u>
Deferred Inflows of Resources	
Resources related to pensions	<u>324,784</u>
Net Position	
Net investment in capital assets	2,870,430
Restricted for:	
Debt service	50,714
Unrestricted	327,518
Total net position	<u><u>\$ 3,248,662</u></u>

The accompanying notes are an integral part of these financial statements.

West Baton Rouge Parish Fire Protection District No. 1
Statement of Activities
Year Ended December 31, 2018

	Program Revenue			
Expenses	Charges for Service	Operating Grants and Contributions	Total Governmental Activities	
Function/Program				
Primary Government				
Governmental activities				
Public safety	\$ 3,827,028	\$ -	\$ -	\$ (3,827,028)
Interest and fiscal charges on long-term debt	42,549	-	-	(42,549)
Total governmental activities	\$ 3,869,577	\$ -	\$ -	(3,869,577)
General Revenue				
Taxes - sales and use				3,206,099
Fire insurance premium				105,205
Interest				43,218
Miscellaneous				8,242
Total general revenue				3,362,764
Change in net position				(506,813)
Net Position				
Beginning of year, restated				3,755,475
End of year				\$ 3,248,662

The accompanying notes are an integral part of these financial statements.

West Baton Rouge Parish Fire Protection District No. 1
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Debt Service Fund	Total
Assets			
Cash and cash equivalents	\$ 2,542,256	\$ -	\$ 2,542,256
Taxes receivable	278,632	-	278,632
Restricted cash and cash equivalents	-	85,408	85,408
Total assets	\$ 2,820,888	\$ 85,408	\$ 2,906,296
Liabilities			
Accounts payable	\$ 66,161	\$ -	\$ 66,161
Accrued liabilities	82,783	34,694	117,477
Total liabilities	148,944	34,694	183,638
Fund Balances			
Restricted	-	50,714	50,714
Unassigned	2,671,944	-	2,671,944
Total fund balances	2,671,944	50,714	2,722,658
Total liabilities and fund balances	\$ 2,820,888	\$ 85,408	\$ 2,906,296

The accompanying notes are an integral part of these financial statements.

West Baton Rouge Parish Fire Protection District No. 1
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 December 31, 2018

Total fund balances - governmental funds		\$ 2,722,658
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>		
Governmental capital assets	\$ 13,929,097	
Less accumulated depreciation	(8,679,667)	5,249,430
<p>Certain long-term assets are not available resources and, therefore, are not reported in the governmental funds:</p>		
Deferred outflows of resources related to net pension liability		1,544,003
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:</p>		
Bonds payable	(2,379,000)	
Net other post-employment benefit obligation	(822,919)	
Net pension liability	(2,740,726)	
Deferred inflows of resources related to net pension liability	(324,784)	(6,267,429)
Total net position - governmental activities		\$ 3,248,662

The accompanying notes are an integral part of these financial statements.

West Baton Rouge Parish Fire Protection District No. 1
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2018

	General Fund	Debt Service Fund	Total
Revenue			
Taxes - sales and use	\$ 3,206,099	\$ -	\$ 3,206,099
Fire insurance premium	105,205	-	105,205
Interest	43,040	178	43,218
Miscellaneous	8,242	-	8,242
Total revenue	3,362,586	178	3,362,764
Expenditures			
Current			
Public safety	2,958,669	-	2,958,669
Capital outlay	72,346	-	72,346
Debt service			
Principal	-	83,000	83,000
Interest and other charges	-	42,549	42,549
Total expenditures	3,031,015	125,549	3,156,564
Excess (Deficiency) of Revenues over (under) Expenditures	331,571	(125,371)	206,200
Other Financing Sources (Uses)			
Operating transfers in	-	135,572	135,572
Operating transfers out	(135,572)	-	(135,572)
Total other financing sources (uses)	(135,572)	135,572	-
Net Changes in Fund Balances	195,999	10,201	206,200
Fund Balances			
Beginning of year	2,475,945	40,513	2,516,458
End of year	\$ 2,671,944	\$ 50,714	\$ 2,722,658

The accompanying notes are an integral part of these financial statements.

**West Baton Rouge Parish Fire Protection District No. 1
Reconciliation of the Statement of Revenue, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2018**

Net changes in fund balances - governmental funds		\$	206,200
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>			
<p>Governmental funds report capital outlay 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:</p>			
Capital outlay		\$ 72,346	
Depreciation expense		(432,340)	(359,994)
Change in net pension liability and deferred inflows/outflows of resources			(357,364)
<p>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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities:</p>			
Other post-employment benefit		(78,655)	
Principal payments		83,000	4,345
Change in net position - governmental activities			\$ (506,813)

The accompanying notes are an integral part of these financial statements.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 1-Summary of Significant Accounting Policies

West Baton Rouge Parish Fire Protection District No. 1 (“Fire District”) was created by the West Baton Rouge Fire District, as provided by Louisiana Revised Statute 40:1503. The Fire District is a separate government body that is governed by a board that consists of the current sitting members of West Baton Rouge Parish Council. The Fire District comprises all of West Baton Rouge Parish and maintains six fire stations. The Fire District serves approximately 25,000 residents of West Baton Rouge Parish.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Fire District is considered a component unit of West Baton Rouge Parish Council.

The accompanying financial statements present information only on the funds maintained by the Fire District and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

The Fire District’s basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the Fire District and the fund financial statements (individual major funds). These statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the statement of net position and the statement of activities to report information on all of the financial activities of the Fire District. The effects of interfund activity have been removed from these statements. These statements include all the financial activities of the Fire District. The Fire District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Fire District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Fire District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 1-Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The various funds of the Fire District are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Fire District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

General Fund – The General Fund is the Fire District's primary operating fund, and it accounts for all financial resources of the Fire District, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Fire District's policy. This fund is considered to be a major fund.

Debt Service Fund – The Debt Service Fund is to record monies for payment of the 2008 Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds and the Revenue Refunding Bonds, Series 2016.

Transactions between funds are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are referred to as “due to/from other funds.” While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated so that only the net amount is included in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. Basis of Accounting/Measurement Focus

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

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting/Measurement Focus (Continued)

All governmental funds are accounted for using a current financial resources measurement focus. Generally with this measurement focus, only current assets and current liabilities are included on their balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net 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 fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Most governmental miscellaneous revenues are recorded as earned since they are measurable and available. The Fire District defines "available" as expected to be received within sixty days of the end of the fiscal year.

Non-exchange transactions, in which the Fire District receives value without directly giving value in return, include sales tax, grants, and donations. Sales taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Anticipated refunds of such taxes are recorded as fund liabilities and reductions in revenue when they are measurable and valid. Revenue from grants and donations are recognized in the fiscal year in which all the eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources can be used.

If measurable, expenditures are recognized in the accounting period in which the related fund liability is incurred except for the following: (1) principal and interest on long-term debt are recorded when due, and (2) claims and judgments, group health claims, arbitrage payable, net pension obligation and compensated absences are recorded as expenditures in the governmental fund type when paid with expendable, available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

D. Cash and Cash Equivalents

Cash and interest-bearing deposits are stated at cost, which approximates market. Cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit.

E. Restricted Cash

The debt service fund is legally restricted as to purpose. These assets have been classified as restricted cash and cash equivalents on the Statement of Net Position since the use of these funds is limited by the applicable bond resolution.

F. Receivables and Payables

Receivables consist of all revenues earned at year end and not yet received. Payables consist of all expenses/expenditures incurred at year end and not yet paid.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 1-Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated cost if historical cost is not available. Contributed assets are recorded as capital assets at their estimated fair market 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 on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Equipment	5-10 years

H. Compensated Absences

Firemen of the Fire District are entitled to full pay during sickness or incapacity not brought about by their own negligence or culpable indiscretion for a period of not less than fifty-two weeks. Sick leave is not paid upon termination. With respect to vacation, firemen, after having served one year, shall be entitled to an annual vacation of eighteen days with full pay. This vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days, all of which shall be with full pay. The liability for accumulated vacation leave was \$2,397 as of December 31, 2018, which is not material to the financial statements.

I. Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use by external parties such as creditors, grantors, laws or regulations of other governments.

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

J. Fund Balance

The following fund balance classifications describe the relative strength of spending constraints placed on the purposes for which resources can be used:

- *Non-spendable* - includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact.
- *Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, bondholders, etc.) or by constitutional provisions or enabling legislation.
- *Committed* - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directives of the Fire District who has the highest level of decision making authority. Commitments may be modified or rescinded only through actions of the Fire District.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 1-Summary of Significant Accounting Policies (Continued)

J. Fund Balance (Continued)

- *Assigned* - includes amounts that the Fire District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Fire District may assign amounts to this classification.
- *Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The Fire District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Fire District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Fire District has provided otherwise in its commitment or assignment actions.

The Fire District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is done through adoption and amendments of the budget. A fund balance commitment is further documented in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Fire District through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

K. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and/or deferred inflows of financial resources. *Deferred outflows* of resources represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources until that time. The Fire District's deferred outflows/inflows of resources are related to its pension liability.

L. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 1-Summary of Significant Accounting Policies (Continued)

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions. The estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenditures in the government-wide financial statements during the reporting period. Actual results could differ from those estimates.

N. New Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was implemented for the year ended December 31, 2018. The requirements for GASB 75 required changes in the presentation of the financial statements, notes to the financial statements, and required supplementary information with regards to the total other postemployment benefits (OPEB) liability. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is \$630,551, as follows:

<u>Statement of Net Position</u>	<u>Governmental Activities</u>
Total Net Position, December 31, 2017, as previously reported	\$ 4,386,026
Effects of GASB 75 implementation:	
Change in OPEB Liability at December 31, 2017	<u>(630,551)</u>
Net effects of GASB 75 implementation	<u>(630,551)</u>
Total Net Position, December 31, 2017, restated	<u>\$ 3,755,475</u>

Note 2-Cash and Interest-bearing Deposits

Deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2018, the carrying amount of the Fire District's deposits (including demand deposits and certificates of deposit) was \$2,542,256 and the bank balance was \$2,627,664.

For deposits, custodial credit risk is the risk that, in the event of the failure of the counter-party, the Fire District will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of December 31, 2018, the Fire District's bank balances were fully insured and collateralized with securities held in the name of the Fire District by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 3-Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	<u>Balance December 31, 2017</u>	<u>Additions</u>	<u>Adjust- ments and Deletions</u>	<u>Balance December 31, 2018</u>
Capital assets not being depreciated:				
Land	\$ 396,301	\$ —	\$ —	\$ 396,301
Capital assets being depreciated:				
Buildings and improvements	4,740,682	—	—	4,740,682
Equipment	8,719,768	72,346	—	8,792,114
Total capital assets being depreciated	<u>13,460,450</u>	<u>72,346</u>	<u>—</u>	<u>13,532,796</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,430,798)	(122,150)	—	(1,552,948)
Equipment	(6,816,529)	(310,190)	—	(7,126,719)
Total accumulated depreciation	<u>(8,247,327)</u>	<u>(432,340)</u>	<u>—</u>	<u>(8,679,667)</u>
Total capital assets being depreciated, net	<u>5,213,123</u>	<u>(359,994)</u>	<u>—</u>	<u>4,853,129</u>
Total capital assets	<u>\$ 5,609,424</u>	<u>\$ (359,994)</u>	<u>\$ —</u>	<u>\$ 5,249,430</u>

Note 4-Pension Plan

Plan Description

The Firefighters' Retirement System ("the System") is the administrator of a cost-sharing, multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in R.S. 11:2252 on and after January 1, 1980 shall become a member as a condition of employment.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 4-Pension Plan (Continued)

Plan Description (Continued)

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit for 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.

Deferred Retirement Option Plan

After completing 20 years of creditable service and reaching age 50, or 25 years of creditable service at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the 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.

Initial Benefit Option Plan

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

Funding Policy

Contributions

Employer contributions are actuarially determined each year. For the year ended June 30, 2018, employer and employee contributions for members above the poverty line were 26.50% and 10.00%, respectively. The employer and employee contribution rates for those members below the poverty line were 28.50% and 8.00%, respectively. The Fire District's contributions to the plan for the year ended December 31, 2018 was \$311,670.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2018, and were excluded from pension expense.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 4-Pension Plan (Continued)

Funding Policy (Continued)

At December 31, 2018, the Fire District reported a liability of \$2,740,726 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The allocation method used in determining each employer's proportion was based on the combined (employer and employee) contributions to the System during the year ended June 30, 2018, as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2018.

At December 31, 2018, the Fire District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 208,600
Changes in assumptions	191,193	434
Net difference between projected and actual earnings on pension plan investments	178,215	-
Changes in proportion and differences between Fire District contributions and proportionate share of contributions	1,017,427	115,750
Fire District contributions subsequent to measurement date	<u>157,168</u>	<u>-</u>
	<u>\$ 1,544,003</u>	<u>\$ 324,784</u>

The Fire District reported a total of \$157,168 as deferred outflows of resources related to pensions resulting from the Fire District's contributions subsequent to the measurement date which will be recognized as reduction of the Net Pension Liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,

2019	\$478,115
2020	373,873
2021	213,453
2022	3,222
2023	(4,149)
Thereafter	<u>(2,463)</u>
	<u>\$ 1,062,051</u>

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 4-Pension Plan (Continued)

Funding Policy (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 is as follows for the System:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry age normal cost
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years, closed period
Investment Rate of Return	7.30% per annum (net of investment expenses, including inflation)
Inflation Rate	2.700% per annum
Employee, Annuitant and Beneficiary Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA.
Disabled Annuitant Mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years of service; includes inflation and merit increases.
Cost of Living Adjustments	Only those previously granted.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 8.09% as of June 30, 2018.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 4-Pension Plan (Continued)

Funding Policy (Continued)

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, 2018 are summarized in the following table:

<u>Asset Type</u>	<u>Target Asset Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Equity	22.00%	6.14%
Equity Non-U.S. Equity	22.00%	7.46%
Global Equity	10.00%	6.74%
Fixed Income Fixed Income	26.00%	1.76%
Alternatives Real Estate	6.00%	4.38%
Private Equity	4.00%	8.73%
Multi-Asset Global Tactical Asset Allocation	5.00%	4.31%
Strategies Risk Parity	<u>5.00%</u>	4.89%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.30%. 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 approved by the System's Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Employer's Proportionate Share of Net Pension Liability to Changes in Discount Rate

The following presents the Fire District's proportionate share of the Net Pension Liability using the discount rate of 7.30%, as well as what the employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (6.30%) or one percentage point higher (8.30%) than the current rate:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease (6.30%)</u>	<u>Current Discount Rate (7.30%)</u>	<u>1% Increase (8.30%)</u>
Fire District's proportionate share of net pension liability	<u>\$3,999,369</u>	<u>\$2,740,726</u>	<u>\$1,683,035</u>

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 4-Pension Plan (Continued)

Pension Plan Fiduciary Net Position

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the System's website: www.ffret.com or on the Office of the Louisiana Legislative Auditor's official website: www.la.la.gov.

Note 5-Other Postemployment Benefit Plan (OPEB)

Plan Description

The Fire District is part of the West Baton Rouge Parish Council's OPEB plan, which is a single-employer defined benefit plan administered by the West Baton Rouge Parish Council. The OPEB plan does not issue a stand-alone financial report. All classified employees of the Fire District, at their option, participate in the employee's group life and health insurance programs. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

Benefits Provided

The Fire District currently offers a HDHP and a PPO plan to all full-time employees, as well as to retired and retirement-eligible employees. All retirees age 65 and older that have Part A and Part B of Medicare must go on the Humana 65 Plan.

Additionally, a Health Savings Account (HSA) is also offered to all participants in the HDHP. The Fire District pays 100% of the premiums for all full-time employees, retirees, and retirement-eligible employees. The Fire District also contributes to the participants that utilize the HSA as follows:

Family	\$800	annually
Two-party	\$800	annually
Single	\$400	annually

The Fire District pays 50% of the premium for life insurance policies for all full-time and retired employees who choose to participate. Eligible retirees are provided a basic life insurance benefit with a policy amount of \$25,000. The amount decreases to \$5,000 at age 65, then to \$1,000 after age 70.

Funding Policy

Currently, the employees and retirees do not contribute to the premiums for health insurance. This is established after the yearly quotes have been awarded and addressed in the annual operating budget and may be amended in subsequent years. For 2018, the plan was funded by the Fire District which paid 100% of the health insurance premiums and 50% of the life insurance premiums. Additionally, the Fire District contributes to the HSA of all HDHP participants based on the schedule shown above.

The employer contribution to the OPEB plan for 2018 totaled \$19,059, or approximately 1.53% of gross payroll. The only contributions required by the retirees were their 50% match on the life insurance.

Total OPEB Liability

The Fire District's total OPEB liability of \$822,919 was measured and determined by an actuarial valuation as of December 31, 2018.

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 5-Other Postemployment Benefit Plan (OPEB) (Continued)

Changes in the Total OPEB Liability

The following table shows the Fire District's changes in total OPEB obligations for the year:

	<u>Governmental Activities</u>
Total OPEB liability, beginning of year, restated	\$ 744,264
Adjustments to the OPEB liability:	
Service cost	64,928
Interest cost	32,786
Total OPEB expense	<u>97,714</u>
Benefit payments	<u>(19,059)</u>
Total OPEB liability, end of year	<u>\$ 822,919</u>

The January 1, 2018 total OPEB liability was developed from the total OPEB liability as of December 31, 2018. Roll back methodology is used reflecting the service cost and benefit payments for 2018 and the discount rate used for this valuation. All other assumptions used are included in the summary of the actuarial methods and assumptions.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

A summary of the actuarial methods and assumptions used in determining the total OPEB liability as of December 31, 2018 is as follows:

Valuation Date	December 31, 2018
Actuarial Method	Individual Entry age normal cost – Level Percentage of Projected Salary
Actuarial Assumptions:	
Inflation Rate	3.00%
Salary Increase Rate	3.50%
Discount Rate	4.10% based on the recently published Bond Buyer GO-20 bond index
Health Care Cost Trend	Level 5.00%
Mortality	RPH-2014 Total Table with Projection MP-2018

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 5-Other Postemployment Benefit Plan (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

The Plan assumes that 100% of all employees and their dependents who are eligible for retiree benefits participate in the postemployment benefit plan.

Sensitivity Analysis of the Healthcare Cost Trend and Discount Rates

The following presents the Fire District's proportionate share of the total OPEB liability using the healthcare cost trend rate of 5.00%, as well as what the employer's proportionate share of the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Healthcare Cost Trend Rate		
	1% Decrease (4.00%)	Current Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Fire District's proportionate share of total OPEB liability	<u>\$ 693,495</u>	<u>\$ 822,919</u>	<u>\$ 993,161</u>

The following presents the Fire District's proportionate share of the total OPEB liability using the discount rate of 4.10%, as well as what the employer's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Changes in Discount Rate		
	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Fire District's proportionate share of total OPEB liability	<u>\$ 970,632</u>	<u>\$ 822,919</u>	<u>\$ 706,151</u>

Note 6-Long-Term Debt

A. Changes in General Long-Term Debt Obligations

	Bonds Payable	Net Other Post- Employment Benefit Obligation	Total
Long-term obligations payable at December 31, 2017, as restated	\$ 2,462,000	\$ 744,264	\$ 3,206,264
Additions	-	78,655	78,655
Reductions	<u>(83,000)</u>	<u>-</u>	<u>(83,000)</u>
Long-term obligations payable at December 31, 2018	<u>\$ 2,379,000</u>	<u>\$ 822,919</u>	<u>\$ 3,201,919</u>
Due within one year	<u>\$ 87,000</u>	<u>\$ -</u>	<u>\$ 87,000</u>

West Baton Rouge Parish Fire Protection District No. 1
Notes to Financial Statements
December 31, 2018

Note 6-Long-Term Debt (Continued)

B. Bonds and Obligations Payable

Bonds and obligations payable at December 31, 2018 are comprised of the following:

\$2,410,000 Revenue Refunding Bonds (Series 2016) due in annual installments of \$100,000 to \$170,000 through February 2038. Interest is payable semiannually at 3.50%. The bonds are secured and payable from sales tax revenue.

\$ 2,379,000

The following is a summary of principal and interest requirements:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
2019	\$ 87,000	\$ 83,265	\$ 170,265
2020	90,000	80,220	170,220
2021	93,000	77,070	170,070
2022	97,000	73,815	170,815
2023	100,000	70,420	170,420
Thereafter	1,912,000	559,335	2,471,335
	<u>\$ 2,379,000</u>	<u>\$ 944,125</u>	<u>\$ 3,323,125</u>

Note 7-Litigation and Claims

As of December 31, 2018, there was no litigation pending against West Baton Rouge Parish Fire Protection District No. 1, nor was the Fire District aware of any unasserted claims. No claims were paid out or litigation costs incurred during the year ended December 31, 2018.

Note 8-Risk Management

The Fire District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fire District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior period. No settlements were made during the year ended December 31, 2018 that exceeded the Fire District's coverage.

Note 9-Compensation Paid to the Board

There was no compensation paid to the board during the year ended December 31, 2018.

Note 10-Subsequent Events

The Fire District evaluated all subsequent events through June 27, 2019, the date the financial statements were available to be issued. As a result, the Fire District noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Required Supplementary Information

West Baton Rouge Parish Fire Protection District No. 1
Schedule of Changes in the Net OPEB Liability and Related Ratios
Year Ended December 31, 2018*

Total OPEB Liability	2018
Service cost	\$ 64,928
Interest	32,786
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments	(19,059)
Net Change in Total OPEB Liability	78,655
Total OPEB Liability - Beginning, restated	744,264
Total OPEB Liability - Ending	\$ 822,919
Covered-employee payroll	\$ 1,049,955
Total OPEB liability as a percentage of covered employee payroll	78.4%

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

West Baton Rouge Parish Fire Protection District No. 1
Schedule of Proportionate Share of Net Pension Liability
As of and for the Year Ended December 31, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of net pension liability	0.476%	0.481%	0.492%	0.494%
Proportionate share of net pension liability	\$ 2,740,727	\$ 2,758,384	\$ 3,219,126	\$ 2,664,884
Covered payroll	\$ 1,049,955	\$ 1,142,371	\$ 1,036,487	\$ 1,546,314
Proportionate share of net pension liability as a percentage of covered payroll	261.03%	241.46%	310.58%	172.34%
Plan fiduciary net position as a percentage of total pension liability	74.76%	73.55%	68.16%	72.45%

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

West Baton Rouge Parish Fire Protection District No. 1
Schedule of Contributions
As of and for the Year Ended December 31, 2018*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statorily required contribution	\$ 310,910	\$ 295,388	\$ 296,881	\$ 452,297
Contributions in relation to statorily required contribution	\$ 310,910	\$ 295,388	\$ 296,881	\$ 452,297
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,049,955	\$ 1,142,371	\$ 1,036,487	\$ 1,546,314
Contribution as a percentage of covered payroll	29.61%	25.86%	28.64%	29.25%

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

West Baton Rouge Parish Fire Protection District No. 1
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Final Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes - sales and use	\$ 2,882,429	\$ 3,196,429	\$ 3,195,676	\$ (753)
Fire insurance premium	112,000	105,500	105,205	(295)
Interest	36,000	42,000	42,123	123
Miscellaneous	-	8,000	8,242	242
Total revenue	<u>3,030,429</u>	<u>3,351,929</u>	<u>3,351,246</u>	<u>(683)</u>
Expenditures				
Current				
Public safety	2,788,262	2,889,262	2,961,403	(72,141)
Capital outlay	100,000	107,000	72,346	34,654
Total expenditures	<u>2,888,262</u>	<u>2,996,262</u>	<u>3,033,749</u>	<u>(37,487)</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>142,167</u>	<u>355,667</u>	<u>317,497</u>	<u>(38,170)</u>
Other Financing Sources (Uses)				
Operating transfers out	<u>(173,445)</u>	<u>(173,445)</u>	<u>(135,572)</u>	<u>37,873</u>
Net Changes in Fund Balance	<u>(31,278)</u>	<u>182,222</u>	<u>181,925</u>	<u>(297)</u>
Fund Balance				
Beginning of year	<u>2,498,282</u>	<u>2,498,282</u>	<u>2,498,282</u>	<u>-</u>
End of year	<u>\$ 2,467,004</u>	<u>\$ 2,680,504</u>	<u>\$ 2,680,207</u>	<u>\$ (297)</u>

West Baton Rouge Parish Fire Protection District No. 1
Notes to Required Supplementary Information
December 31, 2018

Notes to the schedule of changes in net OPEB liability and related ratios:

Note 1-Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2018.

Note 2-Changes of Assumptions

The discount rate decreased from 4.50% as of December 31, 2017 to 4.10% as of December 31, 2018.

Notes to the schedules of proportionate share of net pension liability and contributions:

Note 3-Changes of Benefit Terms

Act 285 of the 2017 Regular Session of the Louisiana Legislature provides a framework to correct enrollment errors for all employees in positions covered by state and statewide retirement systems. The act requires the member to be enrolled in the correct system with a transfer of contributions and interest from the erroneous system. As a part of the correction of the enrollment error, the member will be credited with the correct service credit, accrual rate, and employee contribution balance in the correct system. If the correction occurs within three years of the enrollment error, the correct system shall complete the correction upon receipt of the employee contributions and employer contributions that would have been paid had the member been properly enrolled with interest at the system's board-approved actuarial valuation interest rate. If the correction occurs more than three years after the enrollment error, the correct system shall receive the greater of 1) Employee contributions and employer contributions plus interest, and 2) the actuarial cost to the correct system of the service credit transferred. The employer must pay the difference between the amount transferred from the incorrect system to the correct system and the cost of the correction.

Act 366 of the 2017 Regular Session of the Louisiana Legislature made individuals appointed or elected on or after July 1, 2017 ineligible to serve as trustee on the Board for any state or statewide retirement system if found in violation of the Code of Governmental Ethics for actions involving the misuse of public funds. In addition, the act clarified that legislative staff is authorized to attend executive sessions and that they enjoy lawyer-client privilege for information related to the executive session.

Note 4-Changes of Assumptions

The Firefighters' Retirement System of Louisiana's investment rate of return decreased from 7.40% to 7.30% since the previous valuation. The inflation rate also decreased from 2.775% to 2.700% since the previous valuation.

**West Baton Rouge Parish Fire Protection District No. 1
Notes to Required Supplementary Information
December 31, 2018**

Notes to the budgetary comparison schedule:

Note 5-Budget and Budgetary Accounting

The Fire District follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to November 1, the Fire Chief submits to the Fire District a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted by an ordinance.
- Any revisions to alter the total expenditures of any fund must be approved by the Fire District.
- Formal budgetary integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is achieved through general obligation bond indenture provisions.
- The appropriated budget for the General Fund is adopted on the cash basis. Budgetary comparisons presented in this report compare the adopted budget with actual data on the budgetary (cash) basis.
- All budgetary appropriations lapse at the end of each fiscal year.
- Budgeted amounts are shown as originally adopted or amended by the Fire District. Each year the budgetary information for comparisons includes the amended budget.

Note 6-Budgetary-GAAP Reporting Reconciliation

Budgetary comparisons presented in this report are on the budgetary basis. As discussed in Note 3, certain adjustments are necessary to compare actual data on a GAAP versus budget basis. Adjustments reconciling the excess (deficit) of revenues and other financing sources over (under) expenditures and other uses at year end of the GAAP basis to the budgetary basis are as follows:

	General Fund
Net changes in fund balance (Budgetary Basis)	\$ 181,925
Adjustments-to adjust for accruals	<u>14,074</u>
Net changes in fund balance (GAAP basis)	<u>\$ 195,999</u>

Supplementary Information

**West Baton Rouge Parish Fire Protection District No. 1
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended December 31, 2018**

Agency Head Name: Kenny Hunts, Fire Chief

Purpose	Amount
Salary	\$ 81,192
Benefits - insurance	16,130
Benefits - retirement	21,516
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
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Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA
Blaine M. Crochet, CPA

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Commissioners
West Baton Rouge Parish Fire Protection District No. 1
Port Allen, 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 West Baton Rouge Parish Fire Protection District No. 1 as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise West Baton Rouge Parish Fire Protection District No. 1's basic financial statements, and have issued our report thereon dated June 27, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Baton Rouge Parish Fire Protection District No. 1'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 West Baton Rouge Parish Fire Protection District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of West Baton Rouge Parish Fire Protection District No. 1's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Baton Rouge Parish Fire Protection District No. 1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hawthorn, Waymouth & Carroll, L.L.P.

June 27, 2019

West Baton Rouge Parish Fire Protection District No. 1
Schedule of Current Year Audit Findings
Year Ended December 31, 2018

Part I. Summary of Auditor's Results

- 1) An unmodified opinion has been expressed on the financial statements of West Baton Rouge Parish Fire Protection District No. 1 as of and for the year ended December 31, 2018, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II. Financial Statement Findings

No findings were noted.

**West Baton Rouge Parish Fire Protection District No. 1
Summary Schedule of Prior Year Findings
Year Ended December 31, 2018**

Part I. Financial Statement Findings

No findings were noted.

Part II. Management Letter

A management letter was not issued.

**West Baton Rouge Parish
Fire Protection District No. 1
Agreed-Upon Procedures Report
December 31, 2018**



**Independent Accountant's Report
on Applying Agreed-upon Procedures**

To the Fire Chief and Board of Commissioners of West Baton Rouge Parish Fire Protection District No. 1 and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by West Baton Rouge Parish Fire Protection District No. 1 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures performed and the results thereof are set forth below. The procedures are stated first, followed by the results of the procedures presented in italics.

Written Policies and Procedures

1. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions were found as a result of this procedure.

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.

No exceptions were found as a result of this procedure.

c) ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Entity's written policies and procedures on receipts/collections do not include management's actions to determine the completeness of all collections for each type of revenue.

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

No exceptions were found as a result of this procedure.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity's written policies and procedures on contracting do not specifically address criteria (3) legal review and (5) monitoring process.

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

No exceptions were found as a result of this procedure.

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

The Entity's written policies and procedures on travel and expense reimbursement do not specifically address criterion (4) required approvers.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The Entity's written policies and procedures on ethics do not specifically address criteria (3) system to monitor possible ethics violations and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Entity's ethics policy.

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

The Entity's written policies and procedures on debt service do not specifically address criteria (3) debt reserve requirements and (4) debt service requirements.

Board or Finance Committee

- 2. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were found as a result of this procedure.

- b) Observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

None of the board minutes referenced or included monthly budget-to-actual comparisons.

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

No exceptions were found as a result of this procedure.

Bank Reconciliations

3. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. The entity's main operating account was used for the procedures in this section. Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for the main operating account, and observed that:

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

The bank reconciliation includes reconciling items outstanding for more than twelve months from the statement closing date with no documentation reflecting research on the reconciling items.

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

4. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. The entity's only location that processes payments was used for the procedures in this section.

No exceptions were found as a result of this procedure.

5. For the location that processes payments, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties and observed that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions were found as a result of this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions were found as a result of this procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions were found as a result of this procedure.

- d) Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions were found as a result of this procedure.

6. For the location that processes payments, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for the location that processes payments, obtained supporting documentation for each transaction, and:

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

No exceptions were found as a result of this procedure.

- b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under # 5, as applicable.

No exceptions were found as a result of this procedure.

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

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

No exceptions were found as a result of this procedure.

8. Using the listing prepared by management, randomly selected 5 cards that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card, obtained supporting documentation, and:

- a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions were found as a result of this procedure.

- b) Observed that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of this procedure.

9. Using the monthly statements or combined statements selected under # 8 above, excluding fuel cards, randomly selected 10 transactions from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exceptions were found as a result of this procedure.

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

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

- a) If reimbursed using a per diem, agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were found as a result of this procedure.

- b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were found as a result of this procedure.

- c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure # 1h).

No exceptions were found as a result of this procedure.

- d) Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

Contracts

11. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected five contracts from the listing, excluding the practitioner's contract, and:

- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions were found as a result of this procedure.

- b) Observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions were found as a result of this procedure.

- c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.

No exceptions were found as a result of this procedure.

- d) Randomly selected one payment from the fiscal period for each of the five contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

Ethics

12. Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials from the listing, obtained ethics documentation from management, and:

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

No exceptions were found as a result of this procedure.

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

The Entity was not able to provide documentation to demonstrate that each of the selected employees attested through signature verification that he or she has read the Entity's ethics policy during the fiscal period.

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

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

Hawthorn, Weymouth & Carroll, L.L.P.

June 26, 2019



WEST BATON ROUGE PARISH FIRE DISTRICT 1

KENNY HUNTS
FIRE CHIEF

DEANNA FOURROUX
SECRETARY

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June 27, 2019

Hawthorn, Waymouth & Carroll, L.L.P.
8545 United Plaza Boulevard, Suite 200
Baton Rouge, Louisiana 70809

We hereby acknowledge our agreement with the exceptions noted in your report on applying agreed-upon procedures to certain control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, for the fiscal period January 1, 2018 through December 31, 2018. We will address the exceptions and take the necessary action to correct them.

Sincerely,

A handwritten signature in blue ink, appearing to read "Phillip Bourgoyne", with a long horizontal flourish extending to the right.

Phillip Bourgoyne, Finance Director
West Baton Rouge Parish Council