

**FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE**

**VENTRESS, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2017**

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OF THE PARISH OF POINTE COUPEE  
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## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana, (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fire Protection District No. 3 of the Parish Pointe Coupee, Louisiana as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 26-28 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits and other payments to agency head, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The non-major fund financial statements, schedule of compensation, benefits and other payments to agency head, and statistical information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the 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 1, 2018 on our consideration of Fire Protection District No. 3 of the Parish of Pointe Coupee's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 1, 2018

## **MANAGEMENT'S DISUSSION AND ANALYSIS**

**FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

As management of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana, we are pleased to provide an overview of our financial activities for the year ended December 31, 2017. The intended purpose of the Management's Discussion and Analysis (MD&A) is to provide an objective and easy to read analysis of our financial activities based on currently known facts, decisions, and conditions. The MD&A provides an easily readable summary of operating results and reasons for changes that will help to determine if our financial position improved or deteriorated over the past year. This report addresses current operational activities, the sources, uses, and changes in resources, adherence to budget, service levels, limitations, significant economic factors, and the status of infrastructure and its effects on our debt and operation. When referring to prior year data in this analysis, we will be drawing upon information from last year's audited financial report.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$45,724 from \$3,263,131 in 2016 to \$3,308,855 in 2017.
- Ad valorem taxes decreased from \$428,479 in 2016 to \$419,202 in 2017.
- Cash and cash equivalents decreased by \$100,046 for the year ended December 31, 2017.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

The Government-Wide Financial Statements, presented on pages 10 and 11, 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 and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The District's Government-Wide Financial Statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District's sole operation of fire protection is classified as governmental activities.

**Fund Financial Statements**

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

Governmental funds, presented on pages 12 through 14, are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

**Notes to the Financial Statements**

The notes, presented on pages 15 through 25, provide additional narrative and tabular information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the District's budgetary control, on page 27. A tabulation of taxable property is presented on page 30 as supplementary to assist the reader in understanding the economic growth of the District and the effect it has on operations and fire protection ratings.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At the end of the most recent year, the assets of the District exceeded its liabilities by \$3,308,855.

The District's net position is mainly composed of \$1,514,854 investment in capital assets (land, buildings, vehicles and equipment, etc.). The District uses these capital assets to provide fire protection services to residents and businesses that encompass the area from center of False River to the northern boundary line of West Baton Rouge Parish along the southern boundary of Pointe Coupee Parish to a point on the boundary line of Pointe Coupee and West Feliciana Parishes and in the center of the Mississippi River at a point southwest of Fancy Point Towhead. Consequently, these assets are not available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net position, \$1,794,001 may be used to meet the District's future operations.

**SUMMARY OF NET POSITION**

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 2,048,240	\$ 2,180,883
Capital assets	<u>1,514,854</u>	<u>1,596,910</u>
Total assets	<u>3,563,094</u>	<u>3,777,793</u>
Current and other liabilities	254,239	96,448
Noncurrent liabilities	-	<u>418,214</u>
Total liabilities	<u>254,239</u>	<u>514,662</u>
Net position -		
Net invested in capital assets	1,514,854	1,097,931
Restricted	-	-
Unrestricted	<u>1,794,001</u>	<u>2,165,200</u>
Total net position	<u>3,308,855</u>	<u>3,263,131</u>

The District's total revenues decreased by \$11,957 from \$624,647 in 2016 to \$612,690 in 2017. Total expenses increased by \$146,836 from \$420,130 in 2016 to \$566,966 in 2017.

**FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Changes in Net Position		
	Governmental Activities	
	2017	2016
Revenues:		
Taxes	\$ 583,496	\$ 587,789
Intergovernmental revenues	29,194	27,771
Interest income and other revenue	-	9,087
Total Revenues	612,690	624,647
Expenses:		
Operating	457,273	322,449
Depreciation	109,693	97,681
Total Expenses	566,966	420,130
Change in Net Position	45,724	204,517
Beginning Net Position	3,263,131	3,058,614
Ending Net Position	\$ 3,308,855	\$ 3,263,131

**GOVERNMENTAL FUND FINANCIAL ANALYSIS**

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

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

The fund balance of the District decreased by \$143,156 during the current year.

**BUDGETARY HIGHLIGHTS**

The District's annual budget is the legally adopted expenditure control document of the District. A budgetary comparison statement is required and can be found on page 27. This statement compares the original adopted budget, the budget if amended throughout the year, and the actual expenditures prepared on a budgetary basis.

**FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Actual revenues of \$612,690 exceeded budgeted revenues of \$523,702 by \$88,988, while budgeted expenditures of \$580,594 exceeded actual expenditures of \$471,462 by \$109,132.

**CAPITAL ASSETS**

At December 31, 2017 and 2016, the District has \$1,514,854 and \$1,596,910, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, and equipment. Further detail on capital assets is presented in Note C on page 22.

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

The District serves a population estimated at over 6,200 and is a rural unincorporated area. The District maintains an IRC rating of 6 and is operated by volunteer firemen and firewomen. The District obtains funding from Ad Valorem and Sales Taxes. They operated the 2017 budget on \$419,202 in Ad Valorem and \$164,294 in sales tax. Due to the large rural area, population, ratings and requirements by the State Fire Marshall, these items made it necessary for management to consider future budget projections. Such long-range projections assist management in evaluating net acquisitions or replacements to keep the fire insurance rating at a level that will return fire protection and an economic benefit to its taxpayers.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. If you have questions about this report or need additional financial information, contact Steve Stelly of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana at (225) 638-6230.

**BASIC FINANCIAL STATEMENTS**

FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2017

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,599,087
Receivables:	
Ad valorem taxes	382,035
Sales taxes	12,175
State revenue sharing	4,494
Prepaid expenses	14,646
Prepaid insurance	34,669
Deposits	1,134
Capital assets (net of accumulated depreciation):	
Land	256,402
Buildings and Improvements	981,458
Vehicles	170,925
Machinery and equipment	106,069
<b>TOTAL ASSETS</b>	<b>\$ 3,563,094</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 7,985
Amount due retirement system	18,210
Certificate of Indebtedness due in one year	228,044
<b>TOTAL LIABILITIES</b>	<b>254,239</b>
<b>NET POSITION</b>	
Invested in capital assets, net	1,514,854
Unrestricted	1,794,001
<b>TOTAL NET POSITION</b>	<b>\$ 3,308,855</b>

The accompanying notes are an integral part of this statement.

EXHIBIT B

FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
STATEMENT OF ACTIVITIES  
DECEMBER 31, 2017

	Program Revenues			Net Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Debt service	\$ 13,449	\$ -	\$ -	\$ (13,449)
Public safety	553,517	-	-	(553,517)
Total Governmental Activities	<u>\$ 566,966</u>	<u>-</u>	<u>-</u>	<u>(566,966)</u>
General Revenues:				
Taxes:				
				419,202
				164,294
				29,194
				-
				<u>612,690</u>
				45,724
				<u>3,263,131</u>
				<u>\$ 3,308,855</u>

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO.3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUND - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Debt Service	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,504,279	\$ 94,808	\$ 1,599,087
Receivables:			
Ad valorem taxes	382,035	-	382,035
Sales taxes	12,175	-	12,175
State revenue sharing	4,494	-	4,494
Prepaid expense	14,646	-	14,646
Prepaid insurance	34,669	-	34,669
Deposits	1,134	-	1,134
	<b>\$ 1,953,432</b>	<b>\$ 94,808</b>	<b>\$ 2,048,240</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 7,985	-	\$ 7,985
Amount due to retirement system	18,210	-	9,164
	<b>26,195</b>	-	<b>26,195</b>
<b>Fund Balance:</b>			
Nonspendable: Prepaid	49,315	-	49,315
Restricted	-	94,808	94,808
Unassigned	1,877,922	-	1,877,922
	<b>\$ 1,927,237</b>	<b>\$ -</b>	<b>\$ 2,022,045</b>

Amounts reported for governmental activities in the statements of net position are different because:

Capital assets used in government activities are not financial resources, and therefore, are not reported in the funds. 1,514,854

Long-term liabilities of governmental funds, including capital leases and notes payable are not due and payable in the current period and therefore, are not reported in the funds. (228,044)

**Net position of governmental activities** **\$ 3,308,855**

The accompanying notes are an integral part of this statement.

FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES	General	Debt Service Fund	Total Governmental Funds
Taxes			
Ad valorem	\$ 419,202	\$ -	\$ 419,202
Sales taxes	164,294	-	164,294
Intergovernmental revenues			
Fire insurance rebate	22,453	-	22,453
State revenue sharing	6,741	-	6,741
Miscellaneous revenues			
Other income	-	-	-
<b>TOTAL REVENUES</b>	<u>612,690</u>	<u>-</u>	<u>612,690</u>
<b>EXPENDITURES</b>			
Bank charges	632	-	632
Contract labor	80,503	-	80,503
Dues and subscriptions	1,247	-	1,247
Emergency 911 fee	35,623	-	35,623
Equipment repairs and maintenance	17,366	-	17,366
Firefighting equipment supplies	8,451	-	8,451
Insurance	59,923	-	59,923
Lawn maintenance	5,116	-	5,116
Lease	2,114	-	2,114
Meals	2,164	-	2,164
Miscellaneous	234	-	234
Office	8,796	-	8,796
Postage and printing	280	-	280
Professional fees	10,340	-	10,340
Station repairs	93,043	-	93,043
Security	5,974	-	5,974
Supplies and small tools	10,882	-	10,882
Tax collector fees	18,210	-	18,210
Telephone	12,698	-	12,698
Training and fire prevention	1,645	-	1,645
Uniforms and protective gear	2,545	-	2,545
Utilities	20,835	-	20,835
Vehicle fuel and maintenance	45,204	-	45,204
Capital outlays			
Machinery and equipment	27,637	-	27,637
Vehicle	-	-	-
Building - construction	-	-	-
Debt service			
Principal retirement	-	270,935	270,935
Interest expense	-	13,449	13,449
<b>TOTAL EXPENDITURES</b>	<u>471,462</u>	<u>284,384</u>	<u>755,846</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>141,228</u>	<u>(284,384)</u>	<u>(143,156)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	379,192	379,192
Operating transfers out	(379,192)	-	(379,192)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(379,192)</u>	<u>379,192</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXP. AND OTHER USES</b>	<u>(237,964)</u>	<u>94,808</u>	<u>(143,156)</u>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>2,165,199</u>	<u>-</u>	<u>2,165,199</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 1,927,235</u>	<u>\$ 94,808</u>	<u>\$ 2,022,043</u>

The accompanying notes are an integral part of this statement.

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Amounts reported for governmental activities are different because:**

**Net change in fund balances - total governmental funds (page 13)** \$ (143,156)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$27,637) exceeded depreciation (\$109,693). (82,056)

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 resources. Neither transaction, however, has any effect on net position.

Debt payments \$270,936 270,936

**Change in net position of governmental activities (page 11)** \$ 45,724

**FIRE PROTECTION DISTRICT NO.3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fire Protection District No. 3 of the Parish of Pointe Coupee (the "District") was created by a resolution of the Pointe Coupee Parish Police Jury in 1981 under the Authority of Louisiana Revised Statute 40:1491. The District operates under a commission form of government and provides fire protection services to all the territory situated within the limits of Pointe Coupee Election Districts 4 and 5 and portions of the areas of District 6 and 9. The Election Districts were constituted in 1981, and it was created in accordance with the authority of LRS 40:1494, and Article VI, Section 19 of the Constitution of the State of Louisiana for the year 1974 and other constitutional and statutory authority supplemental thereto and Local Services Agreements entered into by this Police Jury.

**Reporting Entity**

As stated previously, the District was created by a resolution of the Pointe Coupee Parish Police Jury in 1981 and is a political subdivision of the Pointe Coupee Parish Police Jury.

In accordance with LRS 40:1494, the District is managed by a board of five commissioners. Five commissioners are appointed by the Pointe Coupee Parish Police Jury. These five commissioners then appoint one to act as chairperson.

In accordance with the requirements of Statement No. 61, *The Financial Reporting Entity: Omnibus, an Amendment of GASB Statement No. 14 and Statement No. 34*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The financial statements present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

**Fund Accounting**

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

The various funds are grouped in the financial statements in this report as follows:

1. General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

3. Capital Projects Fund – Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust Funds.

**Government-wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The previous reporting model emphasized fund types (the total of all funds of a particular type), and the focus is either the District as a whole or major individual funds (within the fund financial statements) in the reporting model as defined by GASB Statement No. 34.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, (2) grants and contributions that are restricted to meet the operational requirements of a particular function or activity, and (3) grants and contributions that are restricted to meet the capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund based financial statements are provided for governmental funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund and capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

**Measurement Focus and Basis of Accounting**

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. Property taxes are recognized as revenues in the year for which they are levied. Grants

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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

Ad valorem tax revenues in the General Fund are recognized under the susceptible to accrual concept. Miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual criteria are met.

The following funds are being used by the District in its governmental funds:

Major Fund - General

The *General Fund* accounts for the District's primary public safety service and is the primary operating unit of the District.

Major Debt Service Fund

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

GASB No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained, and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Position.

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Liabilities, Net Position, and Fund Balances**

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include demand deposits and money market accounts. Under state law, the District may deposit funds in demand deposits, money market accounts, or time deposits with a bank organized under Louisiana law, or of any other state of the United States, or under the laws of the United States.

State statutes authorize the District to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

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

Receivables

Receivables consist of all revenues earned at year-end and not yet received.

Inventories

Inventories for supplies are not considered material and are recorded as expenses when purchased.

Capital Assets and Depreciation

The District's property and equipment with useful lives of more than one year are capitalized at historical cost or estimated historical cost. The District's policy has set the capitalization threshold for reporting capital assets at \$500. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Uniforms and protective gear which are susceptible to excessive wear and tear and fire code regulations are expensed when incurred.

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

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

Buildings	39 years
Machinery and equipment	5 years
Vehicle and transportation equipment	5 - 10 years

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Bad Debts

Uncollectible account receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2017, there were no amounts considered to be uncollectible.

Long-term Liabilities

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities statement of net position.

In the government funds financial statements, the face amount of debt is reported as other financing sources. Interest and principal payments are reported as debt service expenditures.

Net Position

In the Statement of Net Position, the difference between the District's assets and liabilities is recorded as net position. The three components of net position are as follows:

- Net invested in capital assets – This category consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances on any bond, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position – This category consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net position – This category represents all net position that does not meet the definition of "restricted" or "net invested in capital assets."

Fund Balance

In the fund financial statements, fund balance of the governmental funds is classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can only be spent for specific purposes because of constitutional provisions or enabling legislation or because constraints are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**FIRE PROTECTION DISTRICT NO.3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- Committed – Amounts that can be used only for specific purposes determined by a formal action of the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the District.
- Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes.
- Unassigned – All other spendable amounts.

As of December 31, 2017, fund balances were designated as nonspendable, unassigned and restricted.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expenses) until that future period(s).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will *not* be recognized as an inflow of resources (revenue) until that future period(s).

**Use of Estimates**

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

**Sales Tax**

Fire Protection District No. 3 of the Parish of Pointe Coupee accounts for the collection of the 2% Policy Jury Sales Tax from the Pointe Coupee Parish Tax Collector. The District receives 0.05% of the 2% Police Jury Sales Tax. For the year ended December 31, 2017, the amount of sales tax received by the District was \$ 164,294.

**Budgetary Information**

**Policy and Practice**

The Chairman submits an annual budget for the General Fund by Fire Station to the Board in accordance with the Louisiana Local Government Budget Act. The budget is presented to the Board for review, and public hearings are held to address the proposed appropriations. Once

**FIRE PROTECTION DISTRICT NO.3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

approved, and adopted by the Board, the Board may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations.

Basis of Budgeting

The General Fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source, and expenditures are budgeted by function. Budget revisions at this level are subject to final review by the Board. The legal level of control is by function within the General Fund. Expenditures may not exceed appropriations at this level. Revisions to the budget were made throughout the year.

The General Fund budget is prepared on the modified accrual basis. The budget and actual financial statement is reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Capital Project Fund adopts project length budgets. All unencumbered annual budget amounts lapse at fiscal year-end.

**NOTE B – CASH AND CASH EQUIVALENTS**

At year end, the District's carrying amount of deposits was \$1,599,087 and the bank balance was \$1,603,899. At December 31, 2017, the status of deposited funds and collateralized balances are as follows:

	<b>Bank Balances 12/31/17</b>	<b>FDIC Insurance</b>	<b>Balances Uninsured</b>
Cash	\$ 1,603,899	\$ 250,000	\$ 1,353,899
Uncollateralized--			
Securities pledged and held by custodial banks in the name of fiscal agent banks, at fair market value, at December 31, 2017			5,859,142
Excess of FDIC insurance and pledged securities over cash at December 31, 2017			\$ 4,505,243

Cash and investments are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank.

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE C – CAPITAL ASSETS**

A summary of changes in general fixed assets is as follows:

	Balance 1/1/2017	Additions	Reclassification Deletions	Balance 12/31/2017
Land	\$ 256,402	\$ -	\$ -	\$ 256,402
Buildings and Improvements	1,063,201	-	-	1,063,201
Construction in progress - bldg	-	-	-	-
Vehicles	1,157,891	-	-	1,157,891
Machinery and Equipment	295,930	27,637	-	323,567
<b>Total Capital Assets</b>	<b>\$ 2,773,424</b>	<b>\$ 27,637</b>	<b>\$ -</b>	<b>\$ 2,801,061</b>

	Accumulated Depreciation Balance 1/1/2017	Additions	Deletions	Accumulated Depreciation Balance 12/31/2017	Capital Assets Net of Accumulated Depreciation
Land	\$ -	\$ -	\$ -	\$ -	\$ 256,402
Buildings and Improvements	54,636	27,107	-	81,743	981,458
Construction in progress - bldg	-	-	-	-	-
Vehicles	927,699	59,267	-	986,966	170,925
Machinery and Equipment	194,179	23,319	-	217,498	106,069
<b>Total Accumulated Depreciation</b>	<b>\$ 1,176,514</b>	<b>\$ 109,693</b>	<b>\$ -</b>	<b>\$ 1,286,207</b>	<b>\$ 1,514,854</b>

Depreciation for the year ended December 31, 2017 was \$ 109,693.

**NOTE D – LONG-TERM DEBT**

The summary of changes in governmental activities long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2017 is as follows:

	Beginning Balance	Prior period Restatement	Reductions/ Payments	Ending Balance	Due Within One Year
Capital lease obligations:					
Government Capital Corp 2013	\$ 498,979	\$ -	\$ (270,935)	\$ 228,044	\$ 228,044
<b>Total Governmental Activities</b>	<b>\$ 498,979</b>	<b>\$ -</b>	<b>\$ (270,935)</b>	<b>\$ 228,044</b>	<b>\$ 228,044</b>

**FIRE PROTECTION DISTRICT NO.3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D – LONG-TERM DEBT (CONTINUED)**

The debt outstanding at December 31, 2017 is as follows:

**Government Capital Corporation**

On August 14, 2013, the District entered into a certificate of indebtedness for the construction of a new fire station in the amount of \$800,000 which matures on February 5, 2023.

Annual installments of \$94,487 were paid which includes an interest rate of 3.492%.

\$ 228,044

Total Debt Outstanding at December 31, 2017

\$ 228,044

The debt will be paid off in 2018; therefore, the debt is considered due within one year. The annual debt service including interest of \$ 6,100 is as follows:

Year	Government Capital Corp.
2018	<u>\$ 234,144</u>
Total	<u><u>\$ 234,144</u></u>

**NOTE E – AD VALOREM TAXES**

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands, and certain historic buildings are to be assessed at 10% of "use" value; and all other property to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax District. The assessor is required to re-appraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of general property taxes levied by the Parish. By agreement, the Sheriff receives a commission of approximately 4.23%.

The millage rates are adopted in late October. The taxes are levied and notices are mailed out in mid-November of the year. All taxes are due by December 31<sup>st</sup> of the year and are delinquent on January 1<sup>st</sup> of the next year, which is also the lien date.

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E – AD VALOREM TAXES (CONTINUED)**

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

Property taxes are recognized as revenue in the year in which they are levied and become due. The majority of the year's taxes are usually collected in November and December of the year. Any amounts not collected at December 31<sup>st</sup> are shown as accounts receivable.

For the year ended December 31, 2017, taxes of \$429,855 were levied on property with assessed valuations totaling \$72,002,416 at the rate of 5.97 mills for the following purposes: (1) maintaining and operating the District's fire protection facilities, (2) purchasing fire trucks and other firefighting equipment, (3) paying the cost of obtaining water for fire protection purposes, including charges for fire hydrant rentals and service, and (4) paying the cost of acquiring, improving, or constructing fire protection facilities of the Fire Protection District, constituting works of public improvement, title to which shall be in the public.

**NOTE F – PENSION PLAN AND RETIREMENT COMMITMENTS**

The District has no pension plan or retirement commitments.

**NOTE G – RISK RETENTION**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee medical insurance; and natural disasters. The District carries commercial insurance for risks of loss or damage to property, general liability, and medical insurance. There were no significant reductions in insurance coverage in 2017 from coverage in the prior year. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

**NOTE H – LITIGATION AND CLAIMS**

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

**NOTE I – COMPENSATION PAID TO BOARD MEMBERS**

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

Jeff Hanks	\$	-
Frank Bonds		-
Melba Aguillard		-
Steve Stelly		-
Ashley Pourciau		-
	<u>\$</u>	<u>-</u>

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE J – RELATED PARTIES**

The Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana is a component unit of the Pointe Coupee Parish Police Jury, and may enter into transactions with related parties, including parish council members and the parish administrator. From knowledge obtained during the audit, no related party transactions have occurred between parish council members or the parish administrator of Pointe Coupee Parish.

**NOTE K – INTERFUND TRANSFERS**

<u>Governmental Fund Type</u>	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ -	\$ 379,192
Capital Project Fund	-	-
Debt Service Fund	379,192	-
Total Operating Transfers	<u>\$ 379,192</u>	<u>\$ 379,192</u>

The principal purpose of the above interfund transfers is to supplement revenues for capital purchases and principal and interest payments.

**NOTE L – LEASES**

In April of 2014, the Fire District leased a copy machine for 36 months. The current year expense was \$ 2,114.

**NOTE M – SUBSEQUENT EVENTS**

These financial statements considered subsequent events through June 1, 2018, the date the financial statements were available to be issued. No events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes				
Ad valorem	\$ 365,448	\$ 365,448	\$ 419,202	\$ 53,754
Sales taxes	129,561	129,561	164,294	34,733
Intergovernmental revenues				
Fire insurance rebate	-	-	22,453	22,453
State revenue sharing	7,193	7,193	6,741	(452)
Miscellaneous revenues				
Other	21,500	21,500	-	(21,500)
<b>TOTAL REVENUES</b>	<u>523,702</u>	<u>523,702</u>	<u>612,690</u>	<u>88,988</u>
<b>EXPENDITURES</b>				
Advertising	500	500	-	500
Bank charges	-	-	632	(632)
Conferences	4,500	4,500	-	4,500
Contract labor	113,245	113,245	80,503	32,742
Dues and subscriptions	1,500	1,500	1,247	253
Emergency 911 Fee	34,754	34,754	35,623	(869)
Equipment repairs and maintenance	21,000	21,000	17,366	3,634
Firefighting equipment supplies	20,740	20,740	8,451	12,289
Insurance	66,555	66,555	59,923	6,632
Interest	140	140	-	140
Lawn maintenance	6,000	6,000	5,116	884
Lease	2,772	2,772	2,114	658
Meals	2,000	2,000	2,164	(164)
Miscellaneous	700	700	234	466
Office	4,258	4,258	8,796	(4,538)
Penalties	130	130	-	130
Postage and printing	300	300	280	20
Professional fees	10,900	10,900	10,340	560
Security	15,500	15,500	5,974	9,526
Station repairs	35,000	35,000	93,043	(58,043)
Supplies	-	-	10,882	(10,882)
Tax collector fees	12,500	12,500	18,210	(5,710)
Telephone	13,500	13,500	12,698	802
Training and fire prevention	11,000	11,000	1,645	9,355
Uniforms and protective gear	5,600	5,600	2,545	3,055
Utilities	21,000	21,000	20,835	165
Vehicle fuel and maintenance	46,500	46,500	45,204	1,296
Capital outlays				
Vehicles	-	-	-	-
Machinery and equipment	130,000	130,000	27,637	102,363
<b>TOTAL EXPENDITURES</b>	<u>580,594</u>	<u>580,594</u>	<u>471,462</u>	<u>109,132</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	(56,892)	(56,892)	141,228	198,120
<b>OTHER SOURCES AND (USES)</b>				
Operating transfers out	-	-	(379,192)	(379,192)
<b>TOTAL OTHER SOURCES AND (USES)</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXP. AND OTHER USES</b>	(56,892)	(56,892)	(237,964)	(181,072)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	2,165,199	2,165,199	2,165,199	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,108,307</u>	<u>\$ 2,108,307</u>	<u>\$ 1,927,235</u>	<u>\$ (181,072)</u>

FIRE PROTECTION DISTRICT NO. 3 OF THE  
 PARISH OF POINTE COUPEE, LOUISIANA  
 DEBT SERVICE FUND - STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Certificate of Indebtedness 2013</u>
<b>REVENUES</b>	
Intergovernmental revenue	\$ -
Debt proceeds	-
Interest income	-
<b>TOTAL REVENUES</b>	<u>-</u>
 <b>EXPENDITURES</b>	
Principal retirement	270,935
Interest	13,449
Miscellaneous	-
<b>TOTAL EXPENDITURES</b>	<u>284,384</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	 <u>(284,384)</u>
 <b>OTHER FINANCING SOURCES (USES)</b>	
Loan Proceeds	-
Transfers to other funds	-
Transfers from other funds	379,192
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>379,192</u>
 <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	  <u>94,808</u>
 <b>FUND BALANCE, BEGINNING</b>	 <u>-</u>
 <b>FUND BALANCE, ENDING</b>	 <u>\$ 94,808</u>

**SUPPLEMENTARY INFORMATION AND  
REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE  
VENTRESS, LOUISIANA  
TAXABLE PROPERTY VALUATIONS  
(UNAUDITED)**

<u>Year</u>	<u>Mills Levied</u>	<u>Assessed Value</u>	<u>Homestead Exemption</u>	<u>Tax to be Paid by Owner</u>	<u>Tax to be Paid by State</u>	<u>Total Tax</u>
2009	4.76	56,090,422	10,466,505	266,991	49,821	316,812
2010	5.97	54,921,722	10,620,775	327,885	63,410	391,295
2011	5.97	54,902,277	10,606,475	327,769	63,325	391,094
2012	5.97	64,313,283	10,625,120	383,954	63,436	447,390
2013	5.97	70,948,994	10,687,820	423,569	63,811	487,380
2014	5.97	68,744,739	10,679,740	410,410	63,762	474,172
2015	5.97	70,838,014	10,676,070	422,910	63,740	486,647
2016	5.97	73,408,016	11,124,921	438,249	66,420	504,669
2017	5.97	72,002,416	11,219,331	429,855	66,981	496,835

FIRE PROTECTION DISTRICT NO. 3 OF THE  
 PARISH OF POINTE COUPEE, LOUISIANA  
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS  
 TO AGENCY HEAD  
 FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head: Ashley Bond

Purpose	Amount
Meals	\$ 392
Training	20
Dues	100
Total	\$ 512

# **BAXLEY AND ASSOCIATES, LLC**

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**Matthew L. Berthelot, CPA**

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Staci H. Joffrion, CPA/CGMA  
**SCHEDULE 3**

Board of Commissioners  
Fire Protection District No. 3 of the  
Parish of Pointe Coupee  
Ventress, Louisiana

## **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**

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, each major fund, and the aggregate remaining fund information of Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana (the "District"), a component unit of the Pointe Coupee Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 1, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

**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**

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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2017-1 that we consider to be a significant deficiency.

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 audit disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding 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 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.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
June 1, 2018

**FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana.
2. One significant deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Fire Protection District No. 3 of the Parish of Pointe Coupee, Louisiana were found.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2017-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH GAAP**

Condition:

The District does not have employees with sufficient expertise and training to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a repeat finding.

Criteria:

Year-end adjusting journal entries were not properly posted to the financial statements to ensure that the statements were prepared in accordance with generally accepted accounting principles.

Effect:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the annual financial statements. This condition is intentional by management based upon the financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 112 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost. It, therefore, may not be practical to correct all the deficiencies in auditor reports under SAS 112. In this case, we do not believe the significant deficiency described above would be cost effective or practical, and accordingly, do not believe any corrective action is necessary.

Management's Response:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies in auditor reports under SAS 112. In this case, we do not believe the significant deficiency described above would be cost effective or practical, and accordingly, do not believe any corrective action is necessary.

FIRE PROTECTION DISTRICT NO. 3 OF THE  
PARISH OF POINTE COUPEE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**2016-1 LACK OF CONTROLS OVER FINANCIAL REPORTING IN ACCORDANCE WITH  
GAAP**

Condition:

The District does not have employees with sufficient expertise and training to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 112's reporting requirements. Prudent management requires that the potential benefit from an internal control must exceed its cost. It, therefore, may not be practical to correct all the deficiencies in auditor reports under SAS 112. In this case, we do not believe the significant deficiency described above would be cost effective or practical, and accordingly, do not believe any corrective action is necessary.

Current Status

In this case, we do not believe the significant deficiency described above would be cost effective or practical, and accordingly, do not believe any corrective action is necessary.

**2016-2 DUAL SIGNATURES ON CHECKS**

Condition:

In performing a test of cash disbursements, two checks lacked dual signatures.

Recommendation:

Management should review all checks for dual signatures before they are released for payment.

Current Status:

This was corrected in the current year.

**FIRE PROTECTION DISTRICT NO. 3  
OF THE PARISH OF POINTE COUPEE**

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

# **BAXLEY AND ASSOCIATES, LLC**

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To the Board of Commissioners  
Fire Protection District No. 3  
of the Parish of Pointe Coupee  
Ventress, Louisiana

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

We have performed the procedures enumerated below, which were agreed to by the Fire Protection District No. 3 of the Parish of Pointe Coupee 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, 2017 through December 31, 2017. The Fire Protection District No. 3 of the Parish of Pointe Coupee'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 and associated findings are as follows:

### ***Written Policies and Procedures***

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1. Procedures: Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Findings:*

We reviewed the written policies and procedures for the related functions listed in the above procedures. Through our review, we were able to determine that the entity has sufficient policies and procedures for all with the exception of debt service and ethics.

**Board (or Finance Committee, if applicable)**

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
  - c) 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.
  - d) 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.

*Findings:*

The Fire District met at least monthly with a quorum in accordance with their charter.

There were no references in the minutes of monthly budget-to-actual comparisons on General Fund.

On March 13, 2017 and May 8, 2017, the minutes referenced contracts and bids for a lawn service and for a contractor service on storm repairs.

### ***Bank Reconciliations***

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

*Findings:*

We reviewed the listing of the client's bank accounts with Regions Bank. We received management's representation that the listing is complete and accurate.

No exceptions were noted as a result of applying the procedure.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Findings:*

The District has two bank accounts. We obtained the related bank statements and reconciliations for all months in the fiscal year for the two bank accounts. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management has researched reconciling items that have been outstanding for more than six months as of the fiscal period.

On one bank account, it was noted that eight months were not reconciled to the general ledger and there was no evidence of management or board approval. On another bank account, one check was outstanding for greater than six months and there was no evidence of management or board approval.

### ***Collections***

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

*Findings:*

Per management, there are no cash collection locations. Therefore, this procedure is not applicable.

No exceptions were noted as a result of applying the procedure.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
  - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
    - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
    - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*Findings:*

During testing, we obtained written documentation that there are no cash collection locations; therefore, this procedure is not applicable.

No exceptions were noted as a result of applying this procedure.

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

*Findings:*

During testing, we obtained written documentation that there are no cash collection locations; therefore, this procedure is not applicable.

No exceptions were noted as a result of applying this procedure.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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

*Findings:*

We reviewed a management listing of entity disbursements from the general ledger.

No exceptions were noted as a result of applying the procedure.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*Findings:*

After randomly selecting 25 disbursements from #8 above, we noted all disbursements were approved and supported by proper invoice. The disbursements were also supported by approved requisition orders. Proper approval on all transactions did not include the initiator of the purchase.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

The person responsible for processing payment and adding vendors is an employee of an outside accounting firm.

No exceptions were noted as a result of applying the procedure.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Findings:*

We inquired of management regarding their practices in approving disbursements or signatory authority for the entity to determine that the Board Members of the Fire District have the authority to authorize disbursements. These individuals have no responsibility for initiating or recording purchases.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

We observed the supply of unused checks being stored in the accounting firm's office. Access is restricted to the outside accounting firm. Employees of this firm do not have signatory authority.

No exceptions were noted as a result of applying the procedure.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Findings:*

There is no signature stamp or signature machine used by the Fire District.

No exceptions were noted as a result of applying the procedure.

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

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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.

*Findings:*

We obtained management's representation that the Fire District maintains 2 credit cards, no debit cards and 12 fuel cards.

No exceptions were noted as a result of applying the procedure.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [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.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*Findings:*

We randomly selected 2 credit cards and the consolidated U. S. Voyager fuel cards for one month. We selected the largest dollar activity for each card.

We noted that there was evidence of a review and approval by someone other than the card holder. There were no finance charges or late fees assessed on the selected accounts.

No exceptions were noted as a result of applying the procedure.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 2 cards selected (i.e. each of the 2 cards should have one month of transactions subject to testing).
  - a) For each transaction, report whether the transaction is supported by:
    - An original itemized receipt (i.e., identifies precisely what was purchased)
    - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
    - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
  - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
  - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless 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.

*Findings:*

We examined the monthly statements for the 2 credit cards and the consolidated U. S. Voyager card selected in #15 above. For each transaction, we examined original receipt, business purpose, authorization, and the Louisiana Public bid law. Louisiana Public bid law was not applicable in transactions tested. We observed no loans, pledges, or donations of funds, credit, property, or things of value. All transactions were properly supported with the following exceptions:

- Meal tickets did not include the names of the participants
- Fuel invoice statement did not include original receipts.

## Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

### *Findings:*

We inquired of management to obtain records of all travel and related expense reimbursements by person during the fiscal period. Per management, there were no reimbursements. Representation was provided that the list was complete and accurate.

No exceptions were noted as a result of applying the procedure.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

### *Findings:*

We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U. S. General Services Administration.

No exceptions were noted as a result of applying the procedure.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
  - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment

for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

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

*Findings:*

There were no travel reimbursements by person; therefore, this procedure is not applicable.

No exceptions were noted as a result of applying the procedure.

### **Contracts**

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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.

*Findings:*

Management provided a representation that there were seven contracts in effect during the fiscal year December 31, 2017.

No exceptions were noted as a result of applying the procedure.

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Findings:*

As noted in #20 above, we examined five written contracts, board approval, and largest payment to each contract vendor. There were no contract amendments.

No exceptions were noted as a result of applying the procedure.

***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Findings:*

*Per management, there are no employees or elected officials at the Fire District.*

No exceptions were noted as a result of applying the procedure.

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*Findings:*

There are no employees or elected officials of the Fire District; therefore, this procedure is not applicable.

No exceptions were noted as a result of applying the procedure.

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.

*Findings:*

There are no terminated employees of the Fire District as provided by management representation.

No exceptions were noted as a result of applying the procedure.

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.

*Findings:*

Due to the fact that there are no employees of the Fire District, there are no payroll taxes or retirement contributions made by the District to applicable agencies. This procedure is considered not applicable.

No exceptions were noted as a result of applying the procedure.

***Ethics (excluding nonprofits)***

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

*Findings:*

There are no employees or elected officials for the Fire District. This procedure is considered not applicable.

No exceptions were noted as a result of applying the procedure.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Findings:*

We inquired of management/board whether there were any alleged ethics violations reported to the Fire District during the fiscal period. No ethics violations were reported or noted during the year.

No exceptions were noted as a result of applying the procedure.

**Debt Service (excluding nonprofits)**

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

*Findings:*

No debt was issued during the fiscal year ended December 31, 2017.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

The Fire District made timely payments of principal and interest to the Community Bank The sinking fund has adequate funds to make the final debt service payment in 2018.

No exceptions were noted as a result of applying the procedure.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Findings:*

The Fire District has no tax millages relating to debt service.

No exceptions were noted as a result of applying the procedure.

**Other**

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Findings:*

Per inquiry of management/board, there was no misappropriation of funds or assets.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

We observed the Notice required by R.S. 24:523.1 posted on the Fire District's website.

No exceptions were noted as a result of applying the procedure.

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

*Findings:*

There were no other exceptions noted while performing the Agreed Upon Procedures and none noted in management's representations.

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 of 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.

*Baxley & Associates, LLC*  
Plaquemine, Louisiana  
June 1, 2018

**Fire Protection District No. 3  
of the Parish of Pointe Coupee**

**Management's Response to Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2017**

Management's Response to Items:

1. As of June 1, 2018, the Fire District has no employees and no outstanding debt. Therefore, these procedures are not applicable but will be incorporated in next year's policies and procedures.
  
2. Budget to actual financials will be reviewed and mentioned in the September 2018 minutes.
  
4. This bank account was erroneously closed by the bank due to the fact that the fire station was paid off. This has been corrected.
  
16. Procedures are being set up to correct the lack of participant names on the receipts.