

**LIVINGSTON PARISH FIRE PROTECTION DISTRICT No. 5
DENHAM SPRINGS, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Table of Contents
As of and For the Year Ended December 31, 2017

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report	-	-	1 - 3
Basic Financial Statements:			
Statement of Net Position	A	-	5
Statement of Activities	B	-	6
Governmental Fund Balance Sheet	C	-	7
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position	D	-	8
Statement of Governmental Fund Revenues, Expenditures, Change in Fund Balance	E	-	9
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Change in Fund Balance to the Government-Wide Statement of Activities	F	-	10
Notes to Financial Statements	-	-	12 - 20
Required Supplemental Information:			
Budgetary Comparison Schedule - General Fund	-	1	22
Other Supplemental Information			
Schedule of Compensation, Benefits, and Other Payments to Agency Head	-	2	24
Other Independent Auditor's Report and Findings, Recommendations, and Responses:			
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 <i>Government Auditing Standards</i>	-	-	26 - 27
Schedule of Current Year Audit Findings, Recommendations, and Responses	-	-	28 - 29
Summary Schedule of Prior Audit Findings	-	-	30

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Independent Auditor's Report

To the Members of the Board of Commissioners of
Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Livingston Parish Fire Protection District No. 5, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Livingston Parish Fire Protection District No. 5's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of Livingston Parish Fire Protection District No. 5, 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 budgetary comparison information on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Livingston Parish Fire Protection District No. 5's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

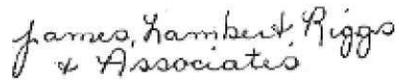
The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2018, on our consideration of Livingston Parish Fire Protection District No. 5's internal control over financial reporting and on our

Livingston Parish Fire Protection District No. 5
June 7, 2018

tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Livingston Parish Fire Protection District No. 5's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livingston Parish Fire Protection District No. 5's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "James Lambert Riggs & Associates".

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 7, 2018

Basic Financial Statements

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Statement of Net Position
December 31, 2017

Exhibit A

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 871,215
Investments	150,563
Taxes Receivable, Net	916,309
State Revenue Sharing Receivable	28,976
Other Accounts Receivable	75
Nondepreciable Capital Assets:	
Land	77,312
Construction in Progress	20,388
Depreciable Capital Assets, Net	2,108,191
Total Assets	\$ 4,173,029
Liabilities	
Accounts Payable	\$ 99,471
Payroll Taxes Payable	20,932
Other Liabilities	-
Total Liabilities	\$ 120,403
Net Position	
Net Investment in Capital Assets	\$ 2,205,891
Unrestricted	1,846,735
Total Net Position	\$ 4,052,626

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

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Statement of Activities
For the Year Ended December 31, 2017

Exhibit B

	Governmental Activities
Expenses:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	\$ 539,092
Insurance	193,138
Repairs & Maintenance	76,030
Supplies	66,562
Flooding Expenses	11,071
Fuel & Oil	32,373
Professional Fees	76,630
Bad Debts	12,031
Utilities	37,545
Telephone	12,363
Miscellaneous	7,560
Training	8,816
Dues & Subscriptions	1,499
Tax, License, Permits	392
Equipment Rental	48
Depreciation	242,809
Total Program Expenses	1,317,959
 General Revenues:	
Ad Valorem Taxes	944,648
State Revenue Sharing	87,679
Fire Insurance Rebate	62,479
On Behalf Payments - State Supplemental Pay	35,999
Grant Revenue	8,057
Other Revenues	2,041
Interest	4,525
Gain on Disposal of Capital Assets	10,225
Total General Revenues	1,155,653
 Change in Net Position	 (162,306)
 Net Position - Beginning of Year	 4,214,932
Net Position - End of Year	\$ 4,052,626

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

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
 Governmental Fund Balance Sheet
 December 31, 2017

Exhibit C

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 871,215
Investments	150,563
Taxes Receivable, Net	916,309
State Revenue Sharing Receivable	28,976
Other Assets	<u>75</u>
Total Assets	<u>\$ 1,967,138</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 99,471
Payroll Taxes Payable	20,932
Other Liabilities	<u>-</u>
Total Liabilities	<u>120,403</u>
Fund Balance:	
Unassigned	<u>1,846,735</u>
Total Fund Balance	<u>1,846,735</u>
Total Liabilities and Fund Balance	<u>\$ 1,967,138</u>

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

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
December 31, 2017

Exhibit D

Total Governmental Fund Balance (Exhibit C)	\$ 1,846,735
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

2,205,891

Net Position of Governmental Activities (Exhibit A)	<u>\$ 4,052,626</u>
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The accompanying notes are an integral part of these financial statements.

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and
Change in Fund Balance
For the Year Ended December 31, 2017

Exhibit E

	General Fund
Revenues:	
Ad Valorem Taxes	\$ 944,648
State Revenue Sharing	87,679
Fire Insurance Rebate	62,479
On Behalf Payments	35,999
Grant Revenue	8,057
Other Revenues	2,041
Interest	4,525
Total Revenues	1,145,428
Expenditures:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	539,092
Insurance	193,138
Repairs & Maintenance	76,030
Supplies	66,562
Flooding Expenses	11,071
Fuel & Oil	32,373
Professional Fees	76,630
Bad Debts	12,031
Utilities	37,545
Telephone	12,363
Miscellaneous	7,608
Training	8,816
Dues & Subscriptions	1,499
Tax, License, Permits	392
Capital Outlay	46,275
Total Expenditures	1,121,425
Excess of Revenues over Expenditures	24,003
Other Financing Sources (Uses):	
Sales of Capital Assets	25,000
Total Other Financing Sources (Uses):	25,000
Change in Fund Balance	49,003
Fund Balance - Beginning of the Year	1,797,732
Fund Balance - End of the Year	\$ 1,846,735

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

**Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana**

Exhibit F

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and
Change in Fund Balance to the Government-Wide Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balance, Governmental Fund (Exhibit E)	\$	49,003
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay		46,275
Depreciation Expense		(242,809)
Disposals of Fixed Assets		<u>(14,775)</u>

Change in Net Position of Governmental Activities (Exhibit B)	\$	<u>(162,306)</u>
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The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2017

Narrative Profile

The Livingston Parish Fire Protection District No. 5 (the "District") is a body corporate created by the Livingston Parish Council, as provided by Louisiana Revised Statutes (LRS). The District is governed by a board of five commissioners who are appointed by the Livingston Parish Council. The District was created for the purpose of providing fire protection and prevention to District Five of the Parish of Livingston.

The accounting and reporting policies of the District conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of LRS 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Section 2100 of the GASB Codification, *Defining the Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of the Livingston Parish Council. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

B. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. The following is the District's governmental fund:

General Fund - the primary operating fund of the District, which accounts for all the operations of the District, except those required to be accounted for in other funds.

Livingston Parish Fire Protection District No. 5

Denham Springs, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2017

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the financial activities of the District with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

Basic Financial Statements – Governmental Funds

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Taxes, state revenue sharing, grants, interest revenue, and other revenues are recorded when due.

Livingston Parish Fire Protection District No. 5

Denham Springs, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2017

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation – Explanation of differences between the governmental funds balance sheet and the government-wide statement of net position is presented in Exhibit D of the basic financial statements. Explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

D. Budgets And Budgetary Accounting

The District adopted an operating budget for its General Fund for the fiscal year ended December 31, 2017. The budget for this fund is adopted on the modified accrual basis of accounting consistent with generally accepted accounting principles (GAAP). The District follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Fire Chief prepares the proposed budgets and submits them to the Board of Commissioners for their review no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. The public hearing was held on December 13, 2016.
4. Once a public hearing is held and all of the action necessary to finalize and implement the budget is completed, the budget is adopted through the passage of a resolution prior to the commencement of the fiscal year for which the budget is adopted. The budget was adopted on December 13, 2016.

The adopted budget constitutes the authority of the Fire Chief to incur liabilities and authorize expenditures from the respective budgeted funds. Additionally, certain expenditures are approved monthly by the Board before payment.

All budget amounts presented in the financial statements have been adjusted for legally authorized revisions of the annual budget during the year. Appropriations, except encumbrances, lapse at the end of each year.

E. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. 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 for the District are reported at cost.

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2017

F. Prepaid Items

The District recognizes expenditures for services extending over more than one accounting period when paid. The District did not record any prepaid items at December 31, 2017.

G. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation. At December 31, 2017, the District did not have a formal capitalization policy establishing a capitalization / expense threshold.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

H. Compensated Absences

At December 31, 2017, the District has no plan or provision for compensated absences, pension plan, or other post employment benefits. Vacation time cannot be accumulated and must be taken by the end of the year. There is no provision for leave carryover; therefore, leave accruals are not necessary.

I. Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

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

J. Fund Balance

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

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2017

2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of enabling legislation, or externally imposed conditions by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District’s highest level of decision-making authority).
4. Assigned Fund Balance – amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned Fund Balance – all amounts not included in other spendable classifications.

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

As of December 31, 2017, the District did not have any nonspendable, restricted, committed, or assigned fund balances.

K. Adoption of New Accounting Principle

For the year ended December 31, 2017, the following statement was implemented:

1. GASB Statement No. 77, *Tax Abatement Disclosures*, improves financial reporting by providing financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. As a result of implementation of this statement, additional disclosures related to tax abatements are included in Note 6.

L. Estimates

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

2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year-end. See Note 1-D regarding operating budgets. The District complied with the Louisiana Local Government Budget Act in adopting its budget for the year ended December 31, 2017.

B. Deposits and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. As reflected in Note 3 regarding cash and cash equivalents, the District complied with the deposits and investments laws and regulations.

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2017

C. Deficit Fund Equity

As of December 31, 2017, the District's general fund did not have a deficit fund equity.

3. Cash, Cash Equivalents, and Investments

As reflected on Exhibit A, the District has cash and cash equivalents totaling \$872,215 and investments totaling \$150,563 at December 31, 2017. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash and investments at December 31, 2017, with the related federal deposit insurance and pledge securities:

Bank Balances and Investments:

Insured (FDIC Insurance)	\$ 400,563
Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	622,524
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 1,023,087</u>

Even though the pledged securities are not held in the entity's name, LRS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand. Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk. As of December 31, 2017, the District was in compliance with state law which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

4. Receivables

Receivables of \$945,285 at December 31, 2017, are as follows:

Property Tax Receivable	\$ 944,648
State Revenue Sharing Receivable	28,976
Allowance for Uncollectible Tax	<u>(28,339)</u>
Receivables at December 31, 2017, Net	<u>\$ 945,285</u>

Uncollectible amounts are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable.

Livingston Parish Fire Protection District No. 5

Denham Springs, Louisiana

Notes to the Financial Statements (Continued)

For the Year Ended December 31, 2017

5. Levied Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District during the year, are billed to taxpayers, and become due in November. Billed taxes become delinquent on December 31. Revenues from ad valorem taxes are budgeted and recognized as revenue in the year billed. The Livingston Parish Sheriff bills and collects the property taxes using the assessed value determined by the Livingston Parish Assessor. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2017, the District levied 10.14 mills for a total tax levy of \$944,648. An allowance for uncollectible property taxes was recorded at 3.0% of the balance due.

6. Tax Abatements

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is a state incentive program that offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local ad valorem on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. For the District, there are currently seventeen (17) tax abatements, related to two (2) companies, under the Louisiana ITEP. For the 2017 calendar year, estimated forgone ad valorem taxes due to this abatement program was \$7,821.

7. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017, are as follows:

	<u>Balance</u>			<u>Balance</u>
	12/31/16	<u>Additions</u>	<u>Deletions</u>	12/31/17
Capital Assets Not Depreciated:				
Land	\$ 92,087	\$ -	\$ 14,775	\$ 77,312
Construction in Progress	-	20,388	-	20,388
Capital Assets Being Depreciated:				
Furniture & Fixtures	38,786	-	-	38,786
Buildings	865,322	3,631	-	868,953
Vehicles	3,745,000	15,096	-	3,760,096
Equipment	<u>936,536</u>	<u>7,160</u>	<u>2,651</u>	<u>941,045</u>
Total Capital Assets Depreciated	5,585,644	25,887	2,651	5,608,880
Less Accumulated Depreciation:				
Furniture & Fixtures	32,621	1,722	-	34,343
Buildings	403,269	24,282	-	427,551
Vehicles	2,003,292	177,249	-	2,180,541
Equipment	<u>821,349</u>	<u>39,556</u>	<u>2,651</u>	<u>858,254</u>
Total Accumulated Depreciation	<u>3,260,531</u>	<u>242,809</u>	<u>2,651</u>	<u>3,500,689</u>
Capital Assets Being Depreciated, Net	<u>2,325,113</u>	<u>(216,922)</u>	<u>-</u>	<u>2,108,191</u>
Total	<u>\$ 2,417,200</u>	<u>\$ (196,534)</u>	<u>\$ 14,775</u>	<u>\$ 2,205,891</u>

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2017

Depreciation expense for the year ended December 31, 2017, totaled \$242,809.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and Building Improvements	10 - 40	Year Life
Furniture and Fixtures	5 - 10	Year Life
Vehicles	5 - 15	Year Life
Equipment	5 - 10	Year Life

8. Payables

Accounts payables at December 31, 2017, are as follows:

Accounts Payable	\$ 99,471
Federal Payroll Taxes Payable	-
State Withholding Tax Payable	2,780
Accrued Payroll	18,152
Total	<u>\$ 120,403</u>

9. On-Behalf Payments

Supplementary salary payments are made by the State of Louisiana directly to certain District employees. The District is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is actual contributions made by the State. For the fiscal year ended December 31, 2017, the State paid supplemental salaries to the District's employees in the amount of \$35,999.

10. Deferred Compensation Plan

The District offers its employees the LPFPD5 Retirement Plan (the "Plan"). This plan is a type of retirement plan commonly referred to as a Governmental Eligible 457(b) Plan, a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights shall be held for the exclusive benefit of participants and their beneficiaries.

As of December 31, 2017, the total employer contributions for the year was \$10,661.

11. Compensation Paid to Board Members

The following schedule of per diem payments to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As authorized by LRS 40:1498, each member of the Board shall be reimbursed \$30 for attending meetings of the board, not to

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
Notes to the Financial Statements (Continued)
For the Year Ended December 31, 2017

exceed two meetings in any one calendar month, and may be reimbursed any expenses incurred in performing the duties imposed upon them by virtue of their serving as members. The following is a breakdown of per diem paid to Board members:

Tony Sibley	\$	495
Wesley Sorenson		540
David Drake		405
Susan Mack		495
Kurt Mikesell		315
Robert Jeansonne		135
Total	<u>\$</u>	<u>2,385</u>

12. Contingent Liabilities

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, and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage. Therefore, no accrual for any loss contingency has been made in the financial statements.

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 7, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Required Supplemental Information:
Budgetary Comparison Schedule

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
 Budgetary Comparison Schedule (GAAP Basis) – General Fund
 For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 818,916	\$ 959,000	\$ 944,648	\$ (14,352)
State Revenue Sharing	80,437	86,927	87,679	752
Fire Insurance Rebate	54,318	62,479	62,479	-
On Behalf Payments	36,000	36,000	35,999	(1)
Grant Revenue	-	8,057	8,057	-
Other Revenues	1,407	2,200	2,041	(159)
Interest	3,594	5,300	4,525	(775)
Total Revenues	<u>994,672</u>	<u>1,159,963</u>	<u>1,145,428</u>	<u>(14,535)</u>
Expenditures:				
Public Safety - Fire Protection:				
Salaries & Related Benefits	548,568	563,278	539,092	24,186
Retirement Administration	1,750	1,750	-	1,750
Insurance	163,500	180,000	193,138	(13,138)
Repairs & Maintenance	58,500	77,000	76,030	970
Supplies	60,100	78,500	66,562	11,938
Flooding Expenses	-	-	11,071	(11,071)
Fuel & Oil	-	-	32,373	(32,373)
Professional Fees	74,000	80,081	76,630	3,451
Bad Debts	24,000	28,400	12,031	16,369
Utilities	39,600	43,100	37,545	5,555
Telephone	16,500	16,500	12,363	4,137
Miscellaneous	-	3,600	7,560	(3,960)
Training	3,000	6,000	8,816	(2,816)
Dues & Subscriptions	750	1,950	1,499	451
Tax, License, Permits	400	500	392	108
Equipment Rental	-	50	48	2
Travel & Entertainment	2,000	-	-	-
Capital Outlay	-	90,913	46,275	44,638
Total Expenditures	<u>992,668</u>	<u>1,171,622</u>	<u>1,121,425</u>	<u>50,197</u>
Excess of Revenues over Expenditures	2,004	(11,659)	24,003	35,662
Other Financing Sources:				
Insurance Reimbursement	-	(9,000)	-	9,000
Sales of Capital Assets	-	23,630	25,000	1,370
Total Other Financing Sources:	<u>-</u>	<u>14,630</u>	<u>25,000</u>	<u>10,370</u>
Change in Fund Balance	2,004	2,971	49,003	46,032
Fund Balance:				
Beginning of the Year	1,797,732	1,797,732	1,797,732	-
End of the Year	<u>\$ 1,799,736</u>	<u>\$ 1,800,703</u>	<u>\$ 1,846,735</u>	<u>\$ 46,032</u>

See auditor's report.

Other Supplemental Information:

**Schedule of Compensation, Benefits, and Other Payments to
Agency Head**

Livingston Parish Fire Protection District No. 5

Schedule 2

Denham Springs, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2017

Agency Head: Joe Koczrowski, Fire Chief

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 47,654
Benefits - Insurance	14,729
Benefits - Retirement	1,777
Benefits - Short Term Disability & Accident Policy	1,961
Deferred Compensation	-
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	-
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 66,121</u>

See auditor's report.

**Other Independent Auditor's Reports and
Findings, Recommendations, and Responses**

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Board of Commissioners of
Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Livingston Parish Fire Protection District No. 5, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Livingston Parish Fire Protection District No. 5's basic financial statements, and have issued our report thereon dated June 7, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Livingston Parish Fire Protection District No. 5's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Livingston Parish Fire Protection District No. 5's internal control. Accordingly, we do not express an opinion on the effectiveness of Livingston Parish Fire Protection District No. 5's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Livingston Parish Fire Protection District No. 5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year findings, recommendations, and responses as item 2017-001.

Livingston Parish Fire Protection District No. 5's Response to Findings

Livingston Parish Fire Protection District No. 5's response to the findings identified in our audit is described in the accompanying schedule of current year audit findings, recommendations, and responses. Livingston Parish Fire Protection District No. 5's response was 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.

James Lambert Riggs
& Associates

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 7, 2018

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana
 Schedule of Current Year Audit Findings, Recommendations, and Responses
 For the Year Ended December 31, 2017

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of Livingston Parish Fire Protection District No. 5 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 7, 2018. Our audit of the basic financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weakness	___	Yes	<u>X</u>	No
Significant Deficiencies	___	Yes	<u>X</u>	No

Compliance:

Compliance Material to the Financial Statements	<u>X</u>	Yes	___	No
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2. Management Letter

Was a management letter issued?	___	Yes	<u>X</u>	No
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Section II Financial Statement Findings

Internal Control over Financial Reporting

None

Compliance and Other Matters

2017-001 – Possible Violation of State Ethics Law By Former Chairman

Condition:

During the audit and testing of compliance, we came across a transaction that may be a possible violation of the Louisiana Code of Governmental Ethics by the District's former Chairman. The Board of Commissioners decided to sell a 2.5 acre parcel of land that was declared surplus and was no longer needed by the District. The Board of Commissioners authorized the former Chairman to represent the Fire District in his capacity as Chairman to handle the closing on the sale of property. A review of the HUD-1 settlement statement for the sale disclosed the property sold for \$25,000 and a 5.00% realtor's commission totaling \$1,250 was paid to Mandy Benton Realty Group, LLC. The former Chairman disclosed in writing to the auditor that he worked as a licensed real estate agent for Mandy Benton Realty Groups, LLC and that he received a commission once the transaction was completed.

Criteria:

Louisiana Code of Governmental Ethics Law, R.S. 42:1111A(1)(a) and R.S. 42:1111E which state:

Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana

Schedule of Current Year Audit Findings, Recommendations, and Responses
For the Year Ended December 31, 2017

1111A(1)(a) – *“Payments for services to the governmental entity. No public servant shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position.”*

1111E – *“Payments for rendering assistance to certain persons. (1) No public servant, and no legal entity of which such public servant is an officer, director, trustee, partner, or employee, or in which such public servant has a substantial economic interest, shall receive or agree to receive any thing of economic value for assisting a person in a transaction, or in an appearance in connection with a transaction, with the agency of such public servant.”*

Cause:

The cause of the condition appears to be that the District’s past Chairman ignored the provisions of the Louisiana Code of Governmental Ethics Law R.S. 42:1111.

Effect:

The District’s past Chairman of the Board of Commissioners may be in violation of the Louisiana Code of Governmental Ethics, specifically R.S. 42:1111A(1)(a) and R.S. 42:1111E.

Recommendation:

We recommend that the past Chairman repay the commission amount that he received from the sale of the District’s 2.5 acre tract of land to the District and review the Louisiana Code of Governmental Ethics Law. We further recommend that if the past Chairman disagrees, he should confer with the Louisiana Board of Ethics for an opinion on this matter.

Management’s Response:

See the attached letter.

Management Letter Suggestions

None

Livingston Parish Fire Protection District No. 5

Denham Springs, Louisiana

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2016

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action Taken</u>
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Internal Control over Financial Reporting

None

Compliance and Other Matters

None

FIRE PROTECTION DISTRICT FIVE

P. O. Box 277 (8098 Florida Blvd. @ Eden Church Road)

Denham Springs, Louisiana 70727

Office: (225)664-1679

Fax (225)664-0245

Chief Joseph Koczrowski

June 7, 2018

To whom it may concern;

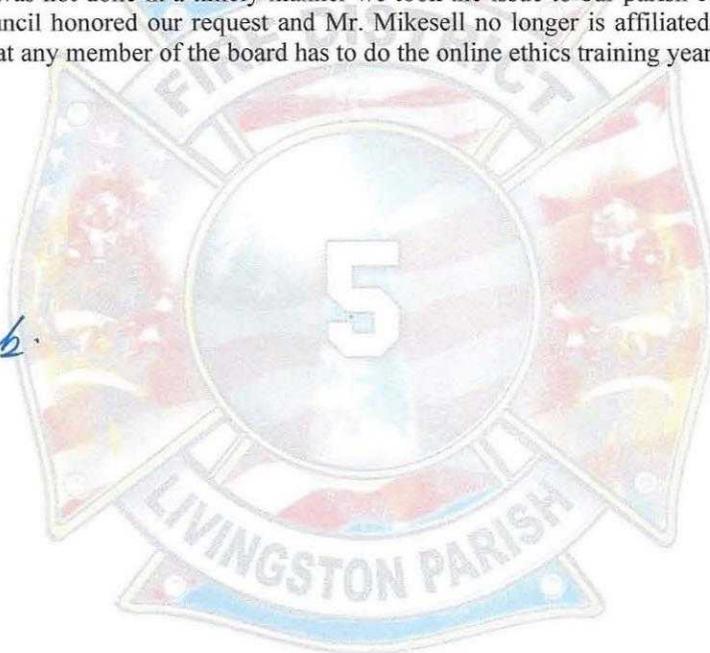
Regarding the ethic violation that the chairmen of our board committed we have taken the following steps to rectify this action:

We spoke to Mr. Mikesell and asked for him to pay the department back the commission he received from the sale of the property. When this was not done in a timely manner we took the issue to our parish council and asked he be removed from our board, the parish council honored our request and Mr. Mikesell no longer is affiliated with District 5 fire in any way. We also have implemented that any member of the board has to do the online ethics training yearly.

Very truly yours,



Joe Koczrowski
Fire Chief



LIVINGSTON PARISH FIRE PROTECTION DISTRICT NO. 5
STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

Dennis E. James, CPA
Lyle E. Lambert, CPA
Paul M. Riggs, Jr., CPA

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
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Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Joe Koczrowski, Fire Chief
and the Board of Commissioners for the Livingston Parish Fire Protection District No. 5
Denham Springs, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Livingston Fire Protection District No. 5 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 District'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.

Our procedures and findings are detailed in Schedule "A"

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 results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 7, 2018

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial / business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Results: No exceptions were found as a result of applying the above procedures.

- 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.

Results: No exceptions were found as a result of applying the above procedures.

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

Results: No exceptions were found as a result of applying the above procedures.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: No exceptions were found as a result of applying the above procedures.

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

Results: No exceptions were found as a result of applying the above procedures.

- 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

Results: No exceptions were found as a result of applying the above procedures.

- 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

Results: No exceptions were found as a result of applying the above procedures.

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

Results: No exceptions were found as a result of applying the above procedures.

- 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.

Results: No exceptions were found as a result of applying the above procedures.

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

Results: N/A – the District has not had any debt service, and, therefore, has no policy.

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.

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the District met on a monthly basis.

- 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).

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the minutes referenced budget-to-actual comparisons on the District's major funds.

- 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.

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, there were no periods of deficit spending during the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: Per a review of the minutes of the District for the period January 1, 2017 through December 31, 2017, the District approved contracts and grant agreements in at least one meeting during the year.

Bank Reconciliations

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

Results: Management provided us with the required listing of bank accounts as well as management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five 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;

Results: No exceptions were found as a result of applying the above procedures.

- 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

Results: No exceptions were found as a result of applying the above procedures.

- 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.

Results: The two bank accounts selected for the procedure above had no documentation reflecting items had been researched that were outstanding for more than 6 months as of the end of the fiscal period

Collections

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

Results: Management provided us with the required listing of cash collection locations as well as management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five 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.

Results: Each person responsible for collecting cash is bonded. Each person responsible for collecting cash is not responsible for depositing the cash in the bank, does not record the related transaction, and does not reconcile the related bank account.

- 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.

Results: Management provided us with written documentation or reconciling cash collections to the general ledger. This daily reconciliation is performed by an individual not responsible for cash collections.

- 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.

Results: The highest week of cash collections had collections on only one (1) day and these collections were deposited eight (8) days later.

- 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.

Results: No exceptions were found as a result of applying the above procedures.

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.

Results: No exceptions were found as a result of applying the above procedures.

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

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

Results: Management provided us with the required listing of disbursements as well as management's representation that the listing is complete.

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

- a) Purchases were initiated using a requisition / purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition / purchase order system.

Results: For the 25 transactions selected, no exceptions were found as a result of applying the above procedures.

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

Results: For the 25 transactions selected, no exceptions were found as a result of applying the above procedures.

- 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.

Results: For the 25 transactions selected, no exceptions were found as a result of applying the above procedures.

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.

Results: No exceptions were found as a result of applying the above procedures.

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.

Results: No exceptions were found as a result of applying the above procedures.

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.

Results: No exceptions were found as a result of applying the above procedures.

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.

Results: No signature stamp or machine is utilized by the District.

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

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

Results: Management provided us with the required listing of credit cards and fuel cards as well as management's representation that the listing is complete.

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

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

- 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 cardholder. [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.)]

Results: For the cards selected, there was evidence that statements are reviewed and approved in writing by someone other than the cardholder.

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

Results: For the cards selected, no finance charges and / or late charges were assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

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

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

Results: For the cards selected, each had supporting itemized receipts for all transactions.

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

Results: All cards selected had supporting documentation of the business / public purpose, and all meal receipts contained documentation of the individuals participating.

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

Results: No exceptions were found as a result of applying the above procedures.

- 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.

Results: No exceptions were found as a result of applying the above procedures. No transactions reviewed required the solicitation of bids or quotes.

- 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.

Results: No exceptions were found as a result of applying the above procedures. There were no violations of Article 7, Section 14 of the Louisiana Constitution.

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.

Results: Management provided to us that there were no travel and related expense reimbursements during the fiscal period, nor were there any travel reimbursement items located with a search of the general ledger for the same period.

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

Results: No exceptions were found as a result of applying the above procedures.

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.

Results: There were no travel or expense reimbursements during the period.

- 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.]

Results: There were no travel or expense reimbursements during the period.

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

Results: There were no travel or expense reimbursements during the period.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: There were no travel or expense reimbursements during the period.

- 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.

Results: There were no travel or expense reimbursements during the period.

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

Results: There were no travel or expense reimbursements during the period.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort / filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: Management provided us with a listing of all contracts in effect during the period January 1, 2017 through December 31, 2017 as well as management's representation that the listing is complete.

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

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

Results: For the contracts selected, there was a formal / written contract that supported 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).

Results: For the contracts selected, none were subject to the Louisiana Public Bid Law and all legal requirements were met.

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

Results: For the contracts selected, none were subject to the Louisiana Public Bid Law.

- 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.

Results: For the contracts selected, none were amended.

- 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.

Results: No exceptions were found as a result of applying the above procedures.

- 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).

Results: For the contracts selected, all contracts were approved by the District's board.

Payroll and Personnel

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

Results: Management provided us with the required list of employees and salaries as well as management's representation that the listing is complete.

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

Results: No exceptions were found as a result of applying the above procedures

- 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.

Results: For the randomly selected employees, all changes to each employee's approved pay rates were approved in writing and in accordance with written policy. No exceptions were found as a result of applying the above procedures

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.)

Results: No exceptions were found as a result of applying the above procedures

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

Results: No exceptions were found as a result of applying the above procedures

- 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.

Results: For the twenty-five selected employees, no written documentation of leave records were maintained for any employee.

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.

Results: Management's representation reflected no terminated employees during the fiscal period.

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.

Results: No exceptions were found as a result of applying the above procedures

Ethics (excluding nonprofits)

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

Results: For the randomly selected employees, all ethics compliance documentation was provided to us and the required ethics training was completed for selected employees.

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.

Results: Per conversation with management, the District sold a 2.5 acre parcel of land in January 2017. The past Chairman of the Board handled the closing on the sale as authorized by the District's Board of Commissioners. Per a review of the HUD-1 settlement statement for the sale, the property sold at a gross of \$25,000 and a 5.00% realtor's commission totaling \$1,250 was paid to Mandy Benton Realty Group, LLC, of which the past Chairman disclosed that he worked as a real estate consultant for. In August 2017, the past Chairman was removed from the Board by the Livingston Parish Council. This issue is also being reported as a compliance finding in the District's December 31, 2017 audit.

Debt Service (excluding nonprofits)

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

Results: The District had no debt issued during the period January 1, 2017 through December 31, 2017.

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.

Results: During the period January 1, 2017 through December 31, 2017, the District had no outstanding debt.

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.

Results: The District had no tax millages relating to debt service during the period January 1, 2017 through December 31, 2017.

Other

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

Results: Per conversation with management, the District had no misappropriations of public funds or assets during the fiscal period January 1, 2017 through December 31, 2017.

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

Results: No exceptions were found as a result of applying the above procedures

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

Results: There were no exceptions regarding management's representations in the procedures above.

FIRE PROTECTION DISTRICT FIVE

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Fax (225)664-0245

Chief Joseph Koczrowski

June 7, 2018

To whom it may concern;

Regarding the ethic violation that the chairmen of our board committed we have taken the following steps to rectify this action:

We spoke to Mr. Mikesell and asked for him to pay the department back the commission he received from the sale of the property. When this was not done in a timely manner we took the issue to our parish council and asked he be removed from our board, the parish council honored our request and Mr. Mikesell no longer is affiliated with District 5 fire in any way. We also have implemented that any member of the board has to do the online ethics training yearly.

With regards to having outstanding checks myself and my secretary will work with our CPA to have the items removed in a timely manner.

Very truly yours,



Joe Koczrowski
Fire Chief

