

**WASHINGTON PARISH FIRE PROTECTION DISTRICT No. 7
BOGALUSA, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
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As of and For the Year Ended December 31, 2018

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Independent Auditor's Report

To the Members of the Board of Commissioners of
Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Washington Parish Fire Protection District No. 7, a component unit of the Washington Parish Council, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of Washington Parish Fire Protection District No. 7, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 26, 27, and 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.

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 is not affected by this missing information.

Other Information

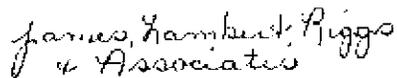
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required 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.

Washington Parish Fire Protection District No. 7
June 12, 2018

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2018, on our consideration of the Washington Parish Fire Protection District No. 7's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District'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 the Washington Parish Fire Protection District No. 7's internal control over financial reporting and compliance.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 12, 2018

Basic Financial Statements

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Statement of Net Position
December 31, 2018

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 240,789
Taxes Receivable, Net of Uncollectible Accounts	380,122
State Revenue Sharing Receivable	28,335
Land	23,000
Capital Assets, Net of Accumulated Depreciation	<u>834,943</u>
Total Assets	<u>\$ 1,507,189</u>
Deferred Outflows of Resources	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 53,457
Changes in Assumptions	57,350
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	172,110
Contributions Subsequent to the Measurement Date	<u>47,978</u>
Total Deferred Outflows of Resources	<u>\$ 330,895</u>
Liabilities	
Accounts Payable	\$ 7,384
Payroll Liabilities	14,259
Pension Fund Deduction Payable	-
Compensated Absences Payable	24,038
Long Term Debt - Current	-
Net Pension Liability	<u>822,104</u>
Total Liabilities	<u>\$ 867,785</u>
Deferred Inflows of Resources	
Differences Between Expected and Actual Experience	\$ 62,571
Changes in Assumptions	130
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	<u>54,541</u>
Total Deferred Inflows of Resources	<u>\$ 117,242</u>
Net Position	
Net Investment in Capital Assets	\$ 857,943
Unrestricted	<u>(4,886)</u>
Total Net Position	<u>\$ 853,057</u>

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

Washington Parish Fire Protection District No. 7
 Bogalusa, Louisiana
 Statement of Activities
 For the Year Ended December 31, 2018

Exhibit B

	<u>Governmental Activities</u>
Expenses:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	\$ 607,624
Depreciation	126,835
Insurance	116,080
Pension Fund Mandate	18,971
Repairs & Maintenance	14,585
Fuel & Oil	19,967
Professional Fees	20,850
Supplies	4,111
Gear & Uniforms	3,500
Utilities	21,298
Telephone	9,208
Interest	-
Miscellaneous	4,234
Office Supplies & Postage	7,176
Training	1,075
Dues & Subscriptions	6,433
Total Program Expenses	<u>981,947</u>
 General Revenues:	
Ad Valorem Taxes	550,724
State Revenue Sharing	42,293
Fire Insurance Rebate	24,580
On Behalf Payments - State Supplemental Pay	43,750
FEMA Grant	1,450
Interest	1,344
Other Revenues	14,157
Contributions from Non-Employer Contributing Entities	37,094
Total General Revenues	<u>715,392</u>
 Change in Net Position	 (266,555)
 Net Position - Beginning of Year	 <u>1,119,612</u>
Net Position - End of Year	<u><u>\$ 853,057</u></u>

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

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Governmental Fund Balance Sheet
December 31, 2018

Exhibit C

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 240,789
Taxes Receivable, Net	380,122
State Revenue Sharing Receivable	<u>28,335</u>
 Total Assets	 <u>\$ 649,246</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 7,384
Payroll Liabilities	14,259
Pension Fund Deduction Payable	<u>-</u>
Total Liabilities	<u>21,643</u>
Fund Balance:	
Unassigned	\$ <u>627,603</u>
Total Fund Balance	<u>627,603</u>
 Total Liabilities and Fund Balance	 <u>\$ 649,246</u>

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

Washington Parish Fire Protection District No. 7
 Bogalusa, Louisiana
 Reconciliation of the Governmental Fund Balance Sheet to the
 Government-Wide Statement of Net Position
 December 31, 2018

Exhibit D

Total Governmental Fund Balance (Exhibit C)	\$	627,603
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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.		857,943
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Long-term liabilities, lease payable, are not due and payable in the current period and therefore are not reported in the funds:

Due Within One Year		-
Compensated Absences Payable		(24,038)

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds.

Net Pension Liability		(822,104)
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Deferred Outflows of Resources:

Net Difference Between Projected and Actual Earnings on Pension Plan Investments		53,457
Changes in Assumptions		57,350
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions		172,110
Contributions Subsequent to the Measurement Date		47,978

Deferred Inflows of Resources:

Differences Between Expected and Actual Experience		(62,571)
Changes in Assumptions		(130)
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions		(54,541)

Net Position of Governmental Activities (Exhibit A)	\$	<u>853,057</u>
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The accompanying notes are an integral part of these financial statements.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Statement of Governmental Fund Revenues, Expenditures, and
Change in Fund Balance
For the Year Ended December 31, 2018

Exhibit E

	<u>General Fund</u>
Revenues:	
Ad Valorem Taxes	\$ 550,724
State Revenue Sharing	42,293
Fire Insurance Rebate	24,580
On Behalf Payments - State Supplemental Pay	43,750
FEMA Grant	1,450
Interest	1,344
Other Revenues	<u>14,157</u>
Total Revenues	678,298
 Expenditures:	
Public Safety - Fire Protection:	
Salaries & Related Benefits	543,970
Insurance	116,080
Pension Fund Mandate	18,971
Repairs & Maintenance	14,585
Fuel & Oil	19,967
Professional Fees	20,850
Supplies	4,111
Gear & Uniforms	3,500
Utilities	21,298
Telephone	9,208
Office Supplies & Postage	7,176
Training	1,075
Dues & Subscriptions	6,433
Miscellaneous	4,234
Debt Service:	
Principal	-
Interest	-
Capital Outlay	<u>5,524</u>
Total Expenditures	<u>796,982</u>
 Net Change in Fund Balance	 (118,684)
 Fund Balance - Beginning of the Year	 <u>746,287</u>
Fund Balance - End of the Year	<u>\$ 627,603</u>

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

Washington Parish Fire Protection District No. 7

Exhibit F

Bogalusa, Louisiana

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, 2018

Net Change in Fund Balance, Governmental Fund (Exhibit E) \$ (118,684)

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	5,524
Depreciation Expense	(126,835)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. -

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related pension plans is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to charges in deferred outflows of resources and deferred inflows of resources are reflected in the statement of activities:

Net Change in Pension Expense	(63,654)
Contributions from Non-Employer Contributing Entities	37,094

Compensated absences payable is recorded as an expense on the statement of activities.

Increase (Decrease) in Compensated Absences Payable	-
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Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in governmental funds

Change in Deferred Inflows of Resources	-
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Change in Net Position of Governmental Activities (Exhibit B) \$ (266,555)

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

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

Narrative Profile

The 1991 Louisiana Legislature, pursuant to Louisiana Revised Statute 40:1496.12 F, created the Washington Parish Fire Protection District No. 7. The District shall constitute a public corporation and as such shall have all the powers of public corporations, including perpetual existence and the right and power to incur debt and contract obligations, to sue and be sued, and to have a corporate seal. The District shall also be authorized to do and perform all acts in its corporate capacity and in its name, necessary and proper, for the purposes of acquiring, maintaining and operating buildings, machinery, equipment, water tank, water hydrants, water lines, and such other things as might be necessary or proper for effective fire prevention and control as considered necessary by the governing body of the District for the protection of the property within the limits of the District against fire.

The governing body of the parish shall appoint an eight member board that shall perform all duties, functions, and powers responsible for the operation and maintenance of the District. All funds of the District shall be administered by the board. Members of the Board of Commissioners may be paid a per diem of fifty dollars for attending meetings of the board, and may be reimbursed for any expenses incurred in performing the duties imposed upon them.

The District covers 155 square miles in the southeastern corner of Washington Parish, outside the city limits of Bogalusa, Louisiana. It serves approximately 7,000 people and businesses located within the boundaries of the District. The District operates out of six fire stations which are located as follows: Station number 1 is located in the Isabel community; station number 2, the Central Station, is located in the Ben's Ford community; station number 3 is located in Rio; station 4, located on Highway 10 just west of Bogalusa; station 5, located on Highway 439 at Lee Road; and station 6 is located on Highway 21. At December 31, 2018, the District employed a full-time fire chief, 4 full-time fire fighters, 5 part-time firefighters and a part-time clerk, but mainly operates with a volunteer staff of firefighters.

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 Washington 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.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

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.

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.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

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.

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, 2018. 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 a proposed budget and submits it to the Board of Commissioners 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.
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 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.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

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. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The LAMP annual report can be found at the official LAMP website.

F. Receivables and Payables

All trade and tax receivables are shown net of an allowance for uncollectible tax.

Property Taxes

For the year 2018, taxes of 23.570 mills were levied on property within the District's boundaries. Total taxes levied were \$559,975. At December 31, 2018, the ad valorem tax receivable was \$380,122. Ad valorem taxes receivable at December 31, 2018, are recorded net of a 2.0% allowance for uncollectible taxes (\$11,199).

State Revenue Sharing

For the year 2018, the District received \$42,293 in Louisiana State Revenue Sharing. At December 31, 2018, state revenue sharing receivable totaled \$28,335. The District considers this receivable fully collectible and, therefore, has not recorded an allowance for uncollectible state revenue sharing.

G. Inventories

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements.

I. Capital Assets

Capital assets 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

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

donation. At December 31, 2018, the District did not have a formal capitalization policy establishing a capitalization / expense threshold.

J. Compensated Absences

The District has the following policy relating to vacation and sick leave for its employees:

1. Vacation Leave – After completing one full year of service (and thereafter upon completion of subsequent years of service) paid firefighters will earn eighteen days of paid vacation per year. Upon completing ten years of service this annual benefit will increase by one day for each year of service over ten years, up to a maximum vacation period of thirty days. The District will pay for all earned but unused vacation at the time of termination.
2. Sick Leave – Permanent paid firefighters are entitled to fifty-two weeks of paid sick leave. All accumulated sick leave lapses upon termination.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. At December 31, 2018, no compensated absences payable were reported in the fund financial statements.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. 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.

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

2. Restricted – this component of net position 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.

M. Fund Balance

In the governmental fund financial statements, fund balances are 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.
2. Restricted Fund Balance – amounts that can be spent only for the specific purposes due to enabling legislation, State or Federal laws, or externally imposed 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 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 categories.

When fund balance resources are available for a specific purpose in multiple classifications, the District will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the District's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

The District reported only unassigned fund balances as of December 31, 2018.

N. Estimates

The preparation of financial statements, in conformity with U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

A. Budgetary Information

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

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 and amending its budget for the year ended December 31, 2018.

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.

C. Deficit Fund Equity

As of December 31, 2018, 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 \$240,789 at December 31, 2018. 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, 2018, with the related federal deposit insurance and pledge securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 248,393
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 248,393</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, 2018, 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

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

Receivables represent revenues earned in 2018 and received in 2018 as follows:

Property Tax Receivable	\$ 380,122
State Revenue Sharing Receivable	<u>28,335</u>
Receivables at December 31, 2018, Net	<u>\$ 408,457</u>

Ad valorem tax revenue and receivable has been recorded net of an allowance for uncollectible amounts. The allowance for uncollected taxes for 2018 is set at two percent of total assessed taxes and is based on historical averages. The allowance for uncollected ad valorem tax is adjusted periodically based on prior year collection experience.

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2018, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 23,000	\$ -	\$ -	\$ 23,000
Total Capital Assets Not Being Depreciated	23,000	-	-	23,000
Other Capital Assets:				
Fire Houses	636,871	-	-	636,871
Fire Trucks	1,842,542	-	-	1,842,542
Fire Equipment	266,153	3,174	-	269,327
Office Equipment	12,329	-	-	12,329
Other Equipment	<u>31,351</u>	<u>2,350</u>	-	<u>33,701</u>
Total Other Capital Assets	2,789,246	5,524	-	2,794,770
Less Accumulated Depreciation:	<u>(1,833,309)</u>	<u>(126,518)</u>	-	<u>(1,959,827)</u>
Total Other Capital Assets, Net	<u>955,937</u>	<u>(120,994)</u>	-	<u>834,943</u>
Total	<u>\$ 978,937</u>	<u>\$ (120,994)</u>	<u>\$ -</u>	<u>\$ 857,943</u>

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

Washington Parish Fire Protection District No. 7

Bogalusa, Louisiana

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2018

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Building Improvements	10 - 40 Years
Furniture & Fixtures	5 - 10 Years
Vehicles	5 - 15 Years
Equipment	5 - 10 Years

6. Accounts Payable

Accounts payables at December 31, 2018, are as follows:

Vendor and Other Payables	\$ 21,643
Pension Fund Deduction Payable	-
Total	<u>\$ 21,643</u>

7. Pension Plan – Firefighters’ Retirement System of Louisiana

General Information about the Pension Plan

Plan Description – Employees of the District are eligible for participation in the Firefighters’ Retirement System of Louisiana (the “Fire System”) – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 434 of the 1979 Regular Session of the Louisiana Legislature. The Fire System issues a publicly available financial report that can be obtained at www.lafirefightersret.com/finance.html. The report may also be obtained by writing to the Firefighters’ Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809, or by calling (225) 925-4060.

Benefits Provided – Any person who becomes an employee as defined in LRS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System. Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Deferred Retirement Option Plan – After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account of an annuity based on the

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

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

Contributions – Per Act 434 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year. Employees are required to contribute 10% of their annual pay. The District’s contractually required contribution rate for the year ended December 31, 2018, was 26.50% for the period January 2018 through June 2018 and 26.50% for the period July 2018 through December 2018. Contributions to the Fire System from the District were \$90,173 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the District reported a liability of \$822,104 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s December 31, 2018, contributions to the pension plan, relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District’s proportion was 0.142923%, which was an increase of 0.016703% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the District recognized pension expense of \$63,654. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 62,571
Changes of Assumptions	57,350	130
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	53,457	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	172,110	54,541
District Contributions Subsequent to the Measurement Date	47,978	-
	\$ 330,895	\$ 117,242

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

The \$47,978 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Investment Rate of Return	7.30% per annum (net of fees)
Estimated Remaining Service Life	7 Years
Inflation	2.700% per annum
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

Actuarial Assumptions – The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7.40% per annum (net of fees)
Estimated Remaining Service Life	7 Years
Inflation	2.775% per annum
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	Only those previously granted

Mortality rates were based on the RP-2000 Employee Table for active members, the RP-2000 Healthy Annuitant Table for healthy annuitants, and the RP-2000 Disabled Lives Mortality Tables for disabled annuitants for Males or Females, as appropriate.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

Asset Class	Long-Term Target Asset Allocation	Rates of Return	
		Real	Nominal
Fixed Income	26.00%	1.76%	
Equity:			
U.S. Equity	22.00%	6.14%	
Non-U.S. Equity	22.00%	7.46%	
Global Equity	10.00%	6.74%	
Alternatives:			
Real Estate	6.00%	4.38%	
Private Equity	4.00%	8.73%	
Multi-Asset Strategies:			
Global Tactical Asset Allocation	5.00%	4.31%	
Risk Parity	5.00%	4.89%	
System Total			5.34%
Inflation			2.75%
Expected Arithmetic Nominal Return			<u>8.09%</u>

Discount Rate – The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC taking into consideration the recommendation of the Fire System’s actuary. Based on those assumptions, the Fire System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

– The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.30%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.30%) or one percentage-point higher (8.30%) than the current rate:

	1.0% Decrease (6.3%)	Current Discount Rate (7.3%)	1.0% Increase (8.3%)
District's Proportionate Share of the Net Pension Liability	\$ 1,199,644	\$ 822,104	\$ 504,841

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire System financial report.

Payables to the Pension Plan – As of December 31, 2018, the District had payables totaling \$10,674 due to the System, which represents the employee and employer’s share of the December 2018 contributions.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

8. Tax Abatement

The Washington Parish Assessor's office has notified the District that for the year ended December 31, 2018, there were no tax abatements for any taxpayers located within the boundaries of the District.

9. Compensated Absences

At December 31, 2018, employees of the District have accumulated and vested \$24,038 of employee vacation benefits, which were computed in accordance with GASB Codification Section C60. This amount is recorded as a liability in the government-wide statement of net assets.

10. 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, 2018, the State paid supplemental salaries to the District's employees in the amount of \$43,750.

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. The following is a breakdown of per diem paid to Board members:

Sidney A. Warner, Jr., President	\$	-
Clinton Miley, Vice President		-
Donna Phillips, Secretary/ Treasurer		-
Angelo Saladino, Sr., Board Member		-
Malcolm "Mac" Little, Board Member		-
Ruth K. Corkern, Board Member		-
Alvin "Boady" Stewart, Board Member		-
Ronnie Manning, Board Member		-
Total	\$	-

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 are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

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 12, 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

Washington Parish Fire Protection District No. 7

Schedule 1

Bogalusa, Louisiana

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual

For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 594,600	\$ 543,188	\$ 531,753	\$ (11,435)
Fire Insurance Rebate	27,000	24,580	24,580	-
State Revenue Sharing	45,000	42,436	42,293	(143)
On Behalf Payments	36,000	43,450	43,750	300
Interest	1,000	1,250	1,344	94
FEMA Grant Funds	-	-	1,450	1,450
Other Revenues	20,000	14,157	14,157	-
Total Revenues	<u>723,600</u>	<u>669,061</u>	<u>659,327</u>	<u>(9,734)</u>
Expenditures:				
Public Safety - Fire Protection:				
Salaries & Related Benefits	461,700	521,739	543,970	(22,231)
Insurance	112,500	115,215	116,080	(865)
Pension Fund Mandate				
Repairs & Maintenance	44,000	17,620	14,585	3,035
Fuel & Oil	18,000	20,200	19,967	233
Professional Fees	20,000	21,000	20,850	150
Supplies	5,000	3,800	4,111	(311)
Gear & Uniforms	9,500	6,675	3,500	3,175
Utilities	24,000	24,000	21,298	2,702
Telephone	9,000	9,000	9,208	(208)
Office Supplies & Postage	5,700	5,700	7,176	(1,476)
Training	5,000	1,100	1,075	25
Dues & Subscriptions	4,500	6,000	6,433	(433)
Miscellaneous	3,900	4,351	4,234	117
Debt Service	-	-	-	-
Capital Outlay	-	-	5,524	(5,524)
Total Expenditures	<u>722,800</u>	<u>756,400</u>	<u>778,011</u>	<u>(21,611)</u>
Excess (Deficiency) of Revenues over Expenditures	800	(87,339)	(118,684)	31,345
Fund Balance:				
Beginning of the Year	<u>759,005</u>	<u>746,287</u>	<u>746,287</u>	<u>-</u>
End of the Year	<u>\$ 759,805</u>	<u>\$ 658,948</u>	<u>\$ 627,603</u>	<u>\$ 31,345</u>

See independent auditor's report.

Washington Parish Fire Protection District No. 7

Schedule 2

Bogalusa, Louisiana

Schedule of the District's Proportionate Share of the Net Pension Liability

For the Year Ended December 31, 2018

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability</u>	<u>District's Proportionate Share of the Net Pension Liability</u>	<u>District's Covered Employee Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2018	0.142923%	\$ 822,104	\$ 362,095	227.04%	74.76%
2017	0.126220%	\$ 723,474	\$ 344,322	234.83%	68.16%
2016	0.136740%	\$ 894,403	\$ 308,079	290.32%	38.16%
2015	0.105600%	\$ 569,843	\$ 224,384	253.96%	72.45%

* The amounts presented for each fiscal year were determined as of June 30 of that year

See independent auditor's report.

Washington Parish Fire Protection District No. 7

Schedule 3

Bogalusa, Louisiana

Schedule of the District's Contributions

For the Year Ended December 31, 2018

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency / (Excess)</u>	<u>District's Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2018	\$ 95,995	\$ 95,995	\$ -	\$ 362,095	26.51%
2017	\$ 78,487	\$ 78,487	\$ -	\$ 344,322	22.79%
2016	\$ 83,952	\$ 83,952	\$ -	\$ 308,079	27.25%
2015	\$ 75,959	\$ 75,959	\$ -	\$ 308,079	24.66%

* The amounts presented for each fiscal year were determined as of June 30 of that year

See independent auditor's report.

Other Supplemental Information:

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

Washington Parish Fire Protection District No. 7

Schedule 4

Bogalusa, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head

For the Year Ended December 31, 2018

Agency Head: Richard Breedlove, Fire Chief

Purpose	Amount
Salary	\$ 60,184
Benefits - Insurance	10,786
Benefits - Retirement	15,949
Deferred Compensation	-
Benefits - Other - Supplemental Pay	6,000
Car Allowance	-
Vehicle Provided by Government	-
Vehicle Rental	-
Cell Phone	738
Dues	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Housing	-
Unvouchered Expenses	-
Special Meals	-
Other	-
	<u>\$ 93,657</u>

See independent auditor's report.

**Other Independent Auditor's Report 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
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



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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
Washington Parish Fire Protection District No. 7
Bogalusa, 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 the Washington Parish Fire Protection District No. 7, a component unit of the Washington Parish Government, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Washington Parish Fire Protection District No. 7's basic financial statements, and have issued our report thereon dated June 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Washington Parish Fire Protection District No. 7's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Washington Parish Fire Protection District No. 7's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington Parish Fire Protection District No. 7's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding number 2018-001 to be material weaknesses

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding number 2018-002 to be a significant deficiency.

Compliance and Other Matters

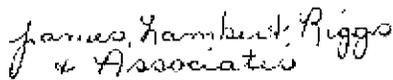
As part of obtaining reasonable assurance about whether Washington Parish Fire Protection District No. 7's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Washington Parish Fire District No. 7's Response to Findings

The Washington Parish Fire District No. 7's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Washington Parish Fire District No. 7'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.



James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

June 12, 2019

Washington Parish Fire Protection District No. 7
 Bogalusa, Louisiana
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2018

Section I Summary of Auditor's Reports

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	<u>X</u> Yes	___ No
Significant deficiencies not considered to be material weaknesses?	<u>X</u> Yes	___ No
Noncompliance material to the financial statements noted?	___ Yes	<u>X</u> No

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	Not Applicable
Significant deficiencies not considered to be material weaknesses	Not Applicable
Type of auditors' report issued on compliance for major programs	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Not Applicable

Identification of major programs:

CFDA Numbers

No Applicable

Name of Federal Program or Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
Auditee qualified as low-risk audit?	Not Applicable

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section II – Internal Control and Compliance

Material Weakness in Internal Control

2018-001 – Financial Statement Preparation

Condition: As is common in small organizations, management has chosen to engage the audit firm to propose certain year-end adjusting journal entries and to prepare the annual financial statements. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, have not been fully implemented. Under generally accepted auditing standards (GAAS), this condition represents a material weakness in internal controls. GAAS 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.

This condition was also noted in the prior fiscal year.

Criteria: Internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, are necessary in order for management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the financial statements on a timely basis.

Cause: This condition is intentional by management based on the Project's lack of financial complexity, along with the cost prohibitive nature of acquiring the ability to prepare financial statements.

Effect: Management and employees are unable to prevent or detect and correct misstatements on a timely basis in the normal course of performing their assigned functions.

Recommendation: We recommend no action be taken.

Management's Response: Management has determined that the most cost effective and prudent use of District's financial resources is to engage the audit firm to propose year-end adjustments and prepare the financial statements. As such, no action will be taken at this time.

Significant Deficiencies in Internal Control

2018-002- Improvement in Controls Over Capital Assets

Condition: Currently the Fire District relies on the external auditor to maintain the inventory of land, buildings, vehicles and equipment depreciation schedules for the Fire District. While the Fire Chief does maintain an inventory of equipment on each fire or rescue truck for insurance rating purposes, we believe additional controls over the capital assets should be developed.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

- Criteria:* Internal controls over capital assets should be suitably designed so that errors, irregularities, or fraud can be prevented or detected and corrected in a timely manner by management or employees during the normal course of performing their assigned duties. Louisiana law is very specific regarding what type of information is required to be maintained for the capital asset inventory.
- Per LA RS 39:324(A) *“Each property manager shall make a complete physical inventory of the property of his agency once each fiscal year. The agency shall establish and maintain a master file of the agency inventory of movable property. The master file shall contain the following information:*
- (1) *A description of the property.*
(2) *The manufacturer's serial number, if any.*
(3) *The description and location of the identification mark.*
(4) *The original cost of the property.*
(5) *The principal place where the property is housed, garaged, stored, or used.”*
- Cause:* The identified weaknesses in internal control appear to be caused by a lack of established policy and procedures over capital assets and reliance on the independent auditor to maintain the inventory records.
- Effect:* Poor internal controls over fixed assets, lack of an identification tag or marking and failure to periodically account for capital assets, can create an environment that does not prevent or detect possible theft, loss or misuse of the District's assets.
- Recommendation:* It is recommended that the District establish adequate policy & procedures over capital assets to follow state laws and best practices advised by the Louisiana Legislative Auditor including:
- Have the Board of Commissioners formally adopt a capitalization threshold.
 - Tagging, engraving or other marking of all capital assets with an identification number
 - Keeping a master inventory file
 - Conducting a physical inventory of all assets annually
- Management's Response:* The District will begin implementing improved controls over capital assets. After a capitalization threshold is adopted by the Board, management will begin creating a master inventory sheet and begin utilizing a tagging system.

Section III – Management Letter Comments

No reported findings for the year ended December 31, 2018.

Washington Parish Fire Protection District No. 7
Bogalusa, Louisiana
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2018

Ref.#	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken
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Section I - Compliance and Internal Control Material To The Financial Statements

No reported findings for the year ended December 31, 2017.

Section II - Internal Control and Compliance

2017-001	2017	Financial Statement Preparation	None
2017-002	2016	Improvements in Controls Over Capital Assets	Management has implemented a new tagging system, but not all fire stations had been completed by year end.

Section III - Management Letter

No reported findings for the year ended December 31, 2017.

Note: This schedule has been prepared by management of the Washington Parish Fire Protection District No. 7.



**WASHINGTON PARISH
FIRE PROTECTION DISTRICT 7
17380 Bill Booty Road
Bogalusa, LA 70427**

PHONE: 985/732-5201 FAX: 985/732-5830

June 12, 2019

James, Lambert, Riggs & Associates, Inc.
401 E. Thomas Street
Hammond, Louisiana 70401

In your audit report for the year ended December 31, 2018, you reported the following findings.

2018 -001 -Financial Statement Preparation

2018 -002 -Improvement in Controls Over Capital Assets

We have considered your recommendations for each finding and submit to you the following actions planned by the Fire District.

2018-001 -Financial Statement Preparation -The Fire District has limited financial resources and feel it is in the best interest of the Fire District to have the independent auditor prepare the proposed adjusting journal entries and the financial statements including footnote disclosures for our review and approval.

2018-002 -The Fire Chief is required to maintain a list of all moveable property on each fire truck for fire insurance rating purposes. The Fire Chief has made significant progress towards completing the inventory listing and we are please that you reported this matter as partially resolved. During the current year the Fire Chief complete the auditor recommendations by tagging all moveable items and maintaining a complete inventory listing.

Signed: 
Sidney Warner, Jr., President

**WASHINGTON PARISH FIRE PROTECTION DISTRICT NO. 7
BOGALUSA, LOUISIANA**

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

JANUARY 1, 2018 THROUGH DECEMBER 31, 2018

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

J. Bryan Ehricht, CPA
Samantha D. Wagner, CPA
Christie J. Barado
Megan E. Lynch
B. Jacob Steib
Debbie G. Faust, EA
Ramona K. Huckabee, EA



**JAMES
LAMBERT RIGGS
& ASSOCIATES, INC.**
CERTIFIED PUBLIC ACCOUNTANTS
www.jlrcpafirm.com



Member of
American Institute of CPAs
Society of Louisiana CPAs

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Sidney A. Warner, Jr., President
and Members of the Board of Commissioners
Bogalusa, Louisiana and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Washington Parish Fire Protection District No. 7 and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Washington Parish Fire Protection District No. 7's management is responsible for those control and compliance areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of Washington Parish Fire Protection District No. 7 and the Louisiana Legislative Auditor. 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".

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*, issued by the Comptroller General of the United States. 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. This report is intended solely for the information and use of Washington Parish Fire Protection District No. 7 and the Louisiana Legislative Auditor. And is not intended to be and should not be used by anyone other than those specified parties. 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, Inc.
Hammond, Louisiana

June 12, 2019

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: The District did not have a written policy for budgeting.

- 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: The District did not have a written policy for purchasing.

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

Results: The District did not have a written policy for disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The District did not have a written policy for receipts.

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

Results: The District did not have a written policy for payroll / personnel.

- 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: The District did not have a written policy for contracting.

- 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: The District did not have a written policy for credit cards.

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

Results: The District did not have a written policy for travel and expense reimbursement.

- 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: The District did not have a written policy for ethics.

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

Results: The District did not have a written policy for debt service.

Bank Reconciliations

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

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

Results: No exceptions for the above listed procedures.

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

Results: No exceptions for the above listed procedures.

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

Results: No exceptions for the above listed procedures.

Collections

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

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

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

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

Results: N/A – The District does not collect cash.

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

Results: One of the two employees that collect cash is also responsible for preparing the deposits. No actual cash is collected by the District; however, all checks / money orders / etc. collected by the District, regardless of employee, is held temporarily in one location on-site before being deposited in the bank.

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

Results: One of the two employees responsible for collecting cash is responsible for posting collection entries to the general ledger and for reconciling ledger postings to each other and the deposit. Due to the small size of the District and limited personnel reconciliations are performed by an individual responsible for cash collections.

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

Results: One of the two employees responsible for reconciling cash collections to general ledger is responsible for collecting cash and no other employee verifies the reconciliation.

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

Results: All employees who have access to cash are bonded.

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

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

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

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

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

8. For each location selected under #6 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

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

Results: The employee responsible for processing payments is not prohibited from adding / modifying vendor files and no other employee periodically reviews changes to the vendor files.

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

Results: No exceptions were noted to the above listed procedure.

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

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

Results: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

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

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

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.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized 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: No exceptions were noted for the above listed procedure.

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

Results: No exceptions were noted for the above listed procedure.

12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for all transactions (i.e. each card should have 10 transactions subject to testing).

For each transaction, report whether the transaction is supported by:

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

Results: For the credit cards and fuel cards selected, all cards selected had supporting itemized receipts for all transactions.

- b) Documentation of the business / public purpose.

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

- c) Documentation of the individuals participating in meals (for meal charges only)

Results: No exceptions were noted for the above listed procedure.

Ethics (excluding nonprofits)

13. 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.

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

Results: No exceptions were noted for the above listed procedure.

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

Results: For the five randomly selected employees, no employees attested through signature verification that they have read the entity's ethics policy during the fiscal period.



**WASHINGTON PARISH
FIRE PROTECTION DISTRICT 7
17380 Bill Booty Road
Bogalusa, LA 70427**

PHONE: 985/732-5201 FAX: 985/732-5830

June 12, 2019

James, Lambert, Riggs & Associates, Inc.
Post Office Drawer 369
Hammond, Louisiana 70404

In your Statewide Agreed Upon Procedures report for the year ended December 31, 2018, you reported exceptions in the areas listed below. Washington Parish Fire Protection District No. 7 submits the following responses:

1. Written Policies & Procedures

Agency Response: Management of the District has prepared a formal written policies & procedures manual that will be adopted by the Board at the next meeting.

2. Collections

Agency Response: Management of the District believes that due to the small size of the entity, it is not feasible to increase the size of the administrative staff to provide additional segregation of duties over collections.

3. Non-Payroll Disbursements

Agency Response: Management of the District will implement a review system for new vendors added during payment processing.

4. Ethics

Agency Response: Management of the District will annually require each employee to attest, through signature verification, that he or she has read the Ethics Policy during the fiscal period.

Respectfully submitted,

Signed: 
Mr. Richard Breedlove, Fire Chief