

**NATCHITOCHEs PARISH  
FIRE PROTECTION DISTRICT NO. 7**

**FINANCIAL REPORT  
December 31, 2017**

Natchitoches Parish Fire Protection District No. 7  
Financial Report  
December 31, 2017

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Financial Report  
December 31, 2017

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# NATCHITOCHEES PARISH FIRE PROTECTION DISTRICT NO. 7

**P. O. Box 68  
Marthville, LA 71450**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Natchitoches Parish Fire District No. 7's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended December 31, 2017. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the District's operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and presents a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Government-Wide Financial Statements

- The Statement of Net Position presents all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

#### Fund Financial Statements

The services provided by the District are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2017</u>	<u>2016</u>
ASSETS:		
Assets	\$ 888,177	\$ 661,233
Capital assets, net of accumulated depreciation	<u>1,405,122</u>	<u>1,337,191</u>
Total Assets	<u>\$2,293,299</u>	<u>\$1,998,424</u>
LIABILITIES:		
Current Liabilities- Accounts Payable	<u>\$ 3,340</u>	<u>\$ 1,024</u>
NET POSITION:		
Net Investment in Capital Assets	\$1,405,122	\$1,337,191
Unrestricted	<u>884,837</u>	<u>660,209</u>
Total Net Position	<u>\$2,289,959</u>	<u>\$1,997,400</u>

## Summary of Statement of Activities

	<u>2017</u>	<u>2016</u>
REVENUES:		
Program Revenues-		
Intergovernmental	\$ 20,283	\$ 12,109
General Revenues-		
Taxes	393,765	419,696
Other	3,208	547
Proceeds of Insurance	<u>135,000</u>	<u>51,093</u>
Total Revenues	<u>\$552,256</u>	\$483,445
EXPENSES:		
Public Safety	<u>\$259,698</u>	<u>208,889</u>
Change in Net Position	<u>\$292,558</u>	<u>\$274,556</u>

- The District's assets exceeded its liabilities by \$2,289,959 (Net Position) for the year. This is an increase of \$292,558 from prior year.
- Unrestricted net position of \$884,837 represents the portion available to maintain the District's obligation to both citizens and creditors. For 2016, this was \$660,209.

General Fund Budgetary Highlights

The actual revenues were \$27,866 less than the budgeted amount for the year. Actual expenditures were more than the budgeted amount by \$1,372. Revenues continue to be sufficient to enable the District to provide the necessary fire protection services to the citizens of the district.

Economic Factors and Next Year's Budget

The primary revenue source for the District is property taxes. This type of tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident. The budget for FY 2018 should not change significantly from the FY 2017 budget.

Contacting the Fire District

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at P. O. Box 68, Marthaville, LA 71450.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
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### INDEPENDENT AUDITOR'S REPORT

Natchitoches Parish Fire  
Protection District No. 7  
P. O. Box 68  
Marthaville, Louisiana 71450

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Natchitoches Parish Fire Protection District No. 7, a component unit of the Natchitoches Parish Government, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

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

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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 major fund information of the District 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**

### *Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

We have applied certain limited procedures to the Management's Discussion and Analysis 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 introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedule and Schedule of Compensation, Benefits, Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2018, on our consideration of the District'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated May 18, 2018 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Johnson, Thomas + Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

May 18, 2018  
Natchitoches, LA 71457

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 7  
Statement of Net Position  
December 31, 2017

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 514,485
Revenue Receivable	<u>373,692</u>
Total Current Assets	\$ 888,177
Non-current Assets-	
Capital Assets (Net)	<u>1,405,122</u>
Total Assets	<u>\$2,293,299</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ <u>3,340</u>
NET POSITION:	
Net Investment in Capital Assets	\$1,405,122
Unrestricted	<u>884,837</u>
Total Net Position	<u>\$2,289,959</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 7  
Statement of Activities  
December 31, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Public Safety	<u>\$259,698</u>	<u>\$0</u>	<u>\$12,943</u>	<u>\$0</u>	<u>\$ (246,755)</u>
		General Revenues:			
		Taxes:			
				Ad Valorem Taxes	\$ 393,765
				Revenue Sharing	7,340
		Miscellaneous:			
				Interest & Other	3,208
				Proceeds of Insurance	<u>135,000</u>
				Total General Revenues	<u>\$ 539,313</u>
				Change in Net Position	\$ 292,558
				Net Position January 1, 2017	<u>1,997,401</u>
				Net Position December 31, 2017	<u>\$2,289,959</u>

## FUND FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 7  
Balance Sheet-Governmental Fund  
December 31, 2017

Assets:

Cash & Cash Equivalents	\$514,485
Revenue Receivable	<u>373,692</u>
Total Assets	<u>\$888,177</u>

Liabilities:

Accounts Payable	\$ 3,340
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Fund Balance:

Unassigned	<u>884,837</u>
Total Liabilities and Fund Balance	<u>\$888,177</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 7  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
December 31, 2017

Total Fund Balance for the Governmental Fund  
at December 31, 2017 \$ 884,837

Total Net Position reported for Governmental Activities  
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not  
financial resources and, therefore, are not reported  
in the Fund Financial Statements. Those assets consist of:

Land, Equipment, Buildings, and Vehicles 2,189,018  
Less, Accumulated Depreciation (783,896)

Total Net Position of Governmental Activities  
at December 31, 2017 \$2,289,959

Natchitoches Parish Fire Protection District No. 7  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Governmental Fund  
Year Ended December 31, 2017

REVENUES:

Taxes-	
Ad Valorem Taxes	\$393,765
Revenue Sharing - State	7,340
Intergovernmental-	
Natchitoches Parish Government	12,943
Miscellaneous-	
Interest & Other	<u>3,208</u>
 Total Revenues	 <u>\$417,256</u>

EXPENDITURES:

Current-	
Public Safety-	
Building Maint. & Repair	\$ 10,167
Utilities	7,760
Equipment Maint. & Repair	52,077
Fuel	2,302
Insurance	27,833
Legal	6,073
Office	6,610
Safety Equipment	34,309
Capital Expenditures	<u>180,497</u>
 Total Expenditures	 <u>\$327,628</u>

Excess of Revenues over Expenditures \$ 89,628

OTHER FINANCING SOURCES:

    Proceeds of Insurance \$135,000

Excess of Revenues and Other Sources over Expenditures \$224,628

Fund Balance-Beginning of Year 660,209

Fund Balance-End of Year \$884,837

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 7  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
for the Year Ended December 31, 2017

Net Change in Fund Balance-Governmental Fund	\$ 224,628
Amounts reported for Governmental Activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	180,497
Depreciation Expense on capital assets is reported in the government-wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(112,567)</u>
Change in Net Position, per Statement of Activities	<u>\$ 292,558</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

1. Introduction:

Natchitoches Parish Fire Protection District No. 7 was created by the Natchitoches Parish Government, by ordinance in June 1982, under the provisions of Louisiana Revised Statutes 40:1492-1701, for the purpose of providing fire protection to the citizens of the District. The District is governed by a Board of Commissioners who are resident property taxpayers of the District. The commissioners are approved/appointed by the Natchitoches Parish Government. The District was created to acquire and maintain buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other such things necessary to provide proper fire protection and control within the District.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 7 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

A. Reporting Entity-

As the governing authority of the Parish, for reporting purposes, the Natchitoches Parish Government is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Government for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the Parish Government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

Because the Parish Government created by ordinance Fire District No. 7, the District was determined to be a component unit of the Natchitoches Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting-

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

The District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

The major fund of the District is described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are 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 collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Firefighting equipment	10 years
Ladders, hoses, air packs	7 years
Radios	10 years
Fire trucks	15 years
Other vehicles	5 years
Buildings	40 years

Compensated Absences-

There are no employees of the District, therefore no entry is made to record compensated absences.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

Equity Classifications-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$884,837. If applicable, the District would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the Natchitoches Parish Fire Protection District No. 7 adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. Estimates-

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

3. Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Parish Fire Protection District No. 7 are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Bank account balances totaled \$514,484 at December 31, 2017 and were fully secured by FDIC Insurance and pledged securities.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

4. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2017, is as follows:

<u>Governmental Activities</u>	<u>Balance 01-01-17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-17</u>
Capital Assets Not Depreciated:				
Land	\$ 15,000	\$ 0	\$ 0	\$ 15,000
CIP	<u>0</u>	<u>81,561</u>	<u>0</u>	<u>81,561</u>
Total Capital Assets Depreciated	<u>\$ 15,000</u>	<u>\$ 81,561</u>	<u>\$ 0</u>	<u>\$ 96,561</u>
Capital Assets Depreciated:				
Firefighting equipment	\$ 63,401	\$ 26,589	\$ 0	\$ 89,990
Ladders, hoses, air packs	176,704	10,494	0	187,198
Radios	94,508	0	0	94,508
Vehicles	1,413,947	56,368	5,000	1,465,315
Buildings	<u>249,961</u>	<u>5,485</u>	<u>0</u>	<u>255,446</u>
Total Capital Assets Depreciated	<u>\$1,998,521</u>	<u>\$180,497</u>	<u>\$ 5,000</u>	<u>\$2,092,457</u>
Total Assets	<u>\$2,013,521</u>	<u>\$180,497</u>	<u>\$(5,000)</u>	<u>\$2,189,018</u>
Less, Accumulated Depreciation:				
Firefighting equipment	\$ 35,947	\$ 7,771	\$ 0	\$ 43,718
Ladders, hoses, air packs	125,149	15,217	0	140,366
Radios	57,099	10,839	0	67,938
Vehicles	378,634	69,576	5,000	443,210
Buildings	<u>79,500</u>	<u>9,164</u>	<u>0</u>	<u>88,664</u>
Total Depreciation	<u>\$ 676,329</u>	<u>\$112,567</u>	<u>\$ 5,000</u>	<u>\$ 783,896</u>
Net Capital Assets	<u>\$1,337,192</u>	<u>\$ 67,930</u>	<u>\$ 0</u>	<u>\$1,405,122</u>

Depreciation expense of \$112,567 was charged to the public safety function.

5. Ad Valorem Taxes:

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 7. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax Sale	May 15

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$44,968,682 in 2017. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$3,842,370 of the assessed value in 2017. For the year ended December 31, 2017, taxes of 9.95 mils were levied on the property and dedicated to fire protection.

6. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2017.

7. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2017.

8. Compensation Paid to Board Members:

The members of the Board of Commissioners of the District receive no compensation for their services.

Natchitoches Parish Fire Protection District No. 7  
Notes to Financial Statements  
December 31, 2017

9. Receivables:

The following is a summary of receivables at December 31, 2017:

<u>Class of Receivable</u>	<u>General Fund</u>
Taxes- Ad Valorem	<u>\$373,692</u>

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

10. Subsequent Events:

Management has evaluated events through May 18, 2018, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

Natchitoches Parish Fire Protection District No. 7  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes-				
Ad Valorem Taxes	\$423,000	\$440,000	\$393,765	\$(48,235)
Revenue Sharing - State	0	0	7,340	7,340
Intergovernmental-				
Natchitoches Parish Government	0	0	12,943	12,943
Miscellaneous-				
Interest & Other	<u>500</u>	<u>3,122</u>	<u>3,208</u>	<u>86</u>
Total Revenues	<u>\$423,500</u>	<u>\$445,122</u>	<u>\$417,256</u>	<u>\$(27,866)</u>
EXPENDITURES:				
Current-				
Public Safety-				
Building Maint. & Repair	\$ 95,000	\$ 10,700	\$ 10,167	\$ 533
Utilities	8,770	8,270	7,760	510
Equipment Maint. & Repair	11,000	48,400	52,077	(3,677)
Fuel	3,500	2,350	2,302	48
Insurance	30,000	28,000	27,833	167
Legal	5,500	6,000	6,073	(73)
Office	9,068	5,836	5,735	101
Supplies	3,000	700	875	(175)
Safety Equipment	30,000	34,500	34,309	191
Capital Expenditures	<u>240,000</u>	<u>181,500</u>	<u>180,497</u>	<u>1,003</u>
Total Expenditures	<u>\$435,838</u>	<u>\$326,256</u>	<u>\$327,628</u>	<u>\$ (1,372)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(12,338)</u>	<u>\$118,866</u>	<u>\$ 89,628</u>	<u>\$(29,238)</u>
OTHER FINANCING SOURCES:				
Proceeds of Insurance	<u>\$ 12,000</u>	<u>\$135,000</u>	<u>\$135,000</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>\$ (338)</u>	<u>\$253,866</u>	<u>\$224,628</u>	<u>\$(29,238)</u>
Fund Balance-Beginning of Year	<u>660,209</u>	<u>660,209</u>	<u>660,209</u>	<u>0</u>
Fund Balance-End of Year	<u>\$659,871</u>	<u>\$914,075</u>	<u>\$884,837</u>	<u>\$(29,238)</u>

See independent auditor's report.

Natchitoches Parish Fire Protection District No. 7  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended December 31, 2017

Agency Head Name: Mike Marbut, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per Diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$0</u>

See independent auditor's report.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
Jessica H. Broadway, CPA - A Professional Corporation  
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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*

Natchitoches Parish Fire  
Protection District No. 7  
P. O. Box 68  
Marthaville, Louisiana 71450

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish Fire Protection District No. 7 (District) basic financial statements and have issued our report thereon dated May 18, 2018.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Audit Findings as item 2017-001 that we consider to be a significant deficiency.

#### Compliance and Other Matters

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

#### Natchitoches Parish Fire Protection District No. 7's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

  
Johnson, Thomas & Cunningham, CPA's

May 18, 2018  
Natchitoches, Louisiana

Natchitoches Parish Fire Protection District No. 7  
Schedule of Audit Findings  
Year Ended December 31, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Parish Fire Protection District No. 7 as of and for the year ended December 31, 2017.
2. The audit disclosed one significant deficiency in internal control and this deficiency was not determined to be a material weakness.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Internal Control

*2017-001 Segregation of Duties*

*Criteria* - The District should have employees available to execute the ongoing duties related to financial matters.

*Condition* - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare annual financial statements including the related note disclosures.

*Effect* - Intentional or unintentional errors could be made and not detected within the accounting system.

*Cause* - The District does not have a sufficient number of employees to adequately separate accounting duties or to prepare the District's annual financial statements with related note disclosures.

*Recommendation* - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

*Management's Response* - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the District to have our independent auditors prepare our annual financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Natchitoches Parish Fire Protection District No. 7  
Schedule of Audit Results  
(continued)  
Year Ended December 31, 2017

III. PRIOR YEAR AUDIT FINDINGS

*2016-001 Segregation of Duties*

*Condition* - The District does not have employees to prepare the annual financial statements with related note disclosures.

*Status* - Repeat finding, see finding 2017-001.

# Johnson, Thomas & Cunningham

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

Natchitoches Parish Fire  
Protection District No. 7  
P. O. Box 68  
Marthaville, Louisiana 71450

We have performed the procedures enumerated below, which were specified and agreed to by the management of Natchitoches Parish Fire Protection District No. 7 (District) to assist the agency in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended December 31, 2017. We are required to perform each procedure and report the results, including any exceptions. The District is responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

#### *Written Policies and Procedures*

---

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

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

*No exception noted.*

- **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.

*Exception noted - The District has no written policies and procedures for purchasing.*

- **Disbursements**, including processing, reviewing, and approving.

*No exception noted.*

- **Receipts**, including receiving, recording, and preparing deposits.

*Exception noted - The District has no written policies and procedures for receipts.*

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

*Not applicable - No employees.*

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

*No exception noted.*

- **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.

*No exception noted.*

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

*No exception noted.*

- **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.

*No exception noted.*

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

*Not applicable.*

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

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

- Determined 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.

*Management provided the District's minutes; no exceptions noted.*

- Determine 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).

*Exception - The minutes did not reference or include monthly budget-to-actual comparisons.*

- 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.

*Not applicable.*

- Determine 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.

*The minutes referenced non-budgetary financial information (e.g., approval of disbursements).*

***Bank Reconciliations***

---

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

*We were provided with the listing by management.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and determined whether:

- Bank reconciliations have been prepared;

*For the three bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations were prepared for all months, without exception.*

- 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

*Exception noted - There was no evidence that management or a board member (not involved in the transactions) reviewed the bank reconciliations.*

- 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.

*Not applicable; there were no such outstanding items.*

### ***Collections***

---

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

*Management provided the listing as requested, indicating only one collection location.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

- Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and determine 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.

*Exception noted - The District has no written policies for collections.*

- Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determine 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.

*Exception noted - The District has no written policy.*

- 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 determine whether the deposits were made within one day of collection. If deposits were not made within one day of collection, determine the number of days from receipt to deposit for each day at each collection location.

*No exception noted.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and noted any exceptions.

*No exception noted.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and determine 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.

*Exception noted - We found no specific written procedures which address the process to determine completeness of collections.*

**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, obtained the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*We obtained the general ledger and sorted for disbursements. We obtained management's representation that the disbursement population was 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 determine whether the supporting documentation for each transaction demonstrated that:

- 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.

*Exception noted - The District does not use a requisition/purchase order system. Also included in the selection were recurring routine transactions that would not require purchase orders.*

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

*Exception noted - No purchase orders are utilized.*

- 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.

*Purchases were processed with an approved invoice.*

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

*Exception noted - There is no purchasing/disbursement system.*

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

*Exception noted - The Secretary/Treasurer has signatory authority and also has responsibility for initiating or recording purchases.*

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, we reviewed entity documentation (electronic system control documentation) and noted whether the persons with signatory authority have system access to print checks.

*Exception noted - We noted all unused checks are kept in a locked file cabinet, closet or vault in the office. The Secretary/Treasurer has access to the unused checks and also has signatory authority; however, all disbursements require two signatures for processing.*

13. If a signature stamp or signature machine is used, we inquired 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. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Not applicable. The District does not use signature stamps or machines.*

#### **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. We obtained management's representation that the listing is complete.

*Management represented that there are eight active credit cards, bank debit cards, fuel cards, or P-cards.*

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.

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:

*No exception noted.*

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*No exception noted.*

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

*No exception noted.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 3 cards selected (i.e. each of the 3 cards should have one month of transactions subject to testing).

- For each transaction, determine whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Exception noted – Fuel transactions did not have original receipts attached.*

- 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.

*No exception noted.*

- For each transaction, we 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.

*No exception noted.*

### *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.

*We obtained the general ledger and identified all travel reimbursements. Management represented that the general ledger was complete. No travel performed for the year.*

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

*No exceptions noted.*

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:

- Compare expense documentation to written policies and determined 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.

*Not applicable. No travel performed for the year.*

- 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.]

*Not applicable. No travel performed for the year.*

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

*Not applicable. No travel performed for the year.*

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

*Not applicable. No travel performed for the year.*

- 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.

*Not applicable. No travel performed for the year.*

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

*Not applicable. No travel performed for the year.*

### ***Contracts***

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

*We obtained the general ledger and sorted for contract payments. None identified.*

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:

*Not applicable.*

- Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Not applicable.*

- Determine 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.

*Not applicable.*

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

*Not applicable.*

- Obtain/review contract documentation and board minutes and determine whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Not applicable.*

### ***Payroll and Personnel***

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

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

*Not applicable. No employees.*

- 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.

*Not applicable. No employees.*

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) Determine 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.)

*Not applicable. No employees.*

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

*Not applicable. No employees.*

- c) Determine 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.

*Not applicable. No employees.*

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.

*Not applicable. No employees.*

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.

*Not applicable. No employees.*

#### ***Ethics (excluding nonprofits)***

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

*Exception noted. Ethics training for board members was not current.*

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.

*Management indicated that no alleged ethics violations were reported during the fiscal period.*

#### ***Debt Service (excluding nonprofits)***

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

*There was no bonded indebtedness issued during the fiscal period.*

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

*Not applicable. No outstanding debt.*

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

*Not applicable.*

***Other***

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

*Management represented they were not aware of any misappropriation.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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 the Statewide Agreed-Upon Procedures. 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.

This report is intended solely for the information and use of the Natchitoches Parish Fire Protection District No. 7 and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully,

*Johnson, Thomas & Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

May 18, 2018  
Natchitoches, Louisiana

Natchitoches Parish Fire Protection District No. 7  
Management's Response to Exceptions to  
Statewide Agreed-Upon Procedures  
For the Year Ended December 31, 2017

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 1: Management asserts that there are presently certain procedures in place that address many of the outlined functions, however, these procedures are not in writing. Management will design and implement written policies and procedures for the following:  
Purchasing – to include the functions of how purchases are initiated, how vendors are added to the vendor list, how purchase orders are prepared and approved, the controls to ensure compliance with the Public Bid Law, and the required documentation for bids and price quotes.  
Receipts – to include the functions of receiving, recording and preparing deposits for all collections.
- Item 2: Management will implement procedures to ensure that budget-to-actual comparisons on the General Fund are presented at all board meetings.
- Item 4: Management will implement procedures to require evidence of review of bank reconciliations by management or board member (not involved in the transactions associated with the bank account).
- Item 6: Due to limited resources, management considers it not feasible to have enough staff so that the person collecting cash is not responsible for depositing the cash in the bank and recording the transaction.
- Item 7: Management will design and implement a process specifically defined to determine completeness of all collections, including electronic transfers, for each agency fund addition by a person who is not responsible for collections.
- Item 9: Management asserts that it is not economically feasible to acquire purchase order software; however, management will implement procedures to ensure that all purchase requests and invoices are approved, in writing, by management before the purchase or payment is made.
- Item 12: The Secretary/Treasurer has both signatory authority and access to the supply of unused checks. Management feels that the dual signature requirement for disbursements mitigates the risk and will continue to monitor controls with regard to this matter.
- Item 16: The District will institute procedures to ensure original receipts are attached to payment voucher.
- Item 26: Management will immediately notify board members of the required ethics training and implement procedures to ensure that the required certifications are maintained in accordance with law.